



2010-11
Statement of Accounts (FINAL DRAFT)



Contents

Explanatory foreword	1
Statement of responsibilities	17
Movement in reserves statement	18
Comprehensive income and expenditure statement	19
Balance sheet	20
Cash flow statement	21
Note 1 Accounting policies	22
Note 2 Accounting standards issued, not yet adopted	49
Note 3 Critical judgements in applying accounting policies	50
Note 4 Assumptions made about the future and other major sources of estimation uncertainty	51
Note 5 Material items of income and expense	52
Note 6 Events after the balance sheet date	52
Note 7 Adjustments between accounting basis and funding basis under regulations	52
Note 8 Transfers to/from earmarked reserves	55
Note 9 Other operating expenditure	57
Note 10 Financing and investment income and expenditure	57
Note 11 Taxation and non-specific grant income	57
Note 12 Property, plant and equipment	57
Note 13 Investment properties	61
Note 14 Intangible assets	62
Note 15 Financial instruments	64
Note 16 Inventories	67
Note 17 Construction contracts	67
Note 18 Debtors	68
Note 19 Cash and cash equivalents	68
Note 20 Assets held for sale	69
Note 21 Creditors	69
Note 22 Provisions	70
Note 23 Usable reserves	71
Note 24 Unusable reserves	72
Note 25 Operating activities	77
Note 26 Investing activities	78
Note 27 Financing activities	78
Note 28 Amounts reported for resource allocation decisions	78
Note 29 Acquired and discontinued operations	81
Note 30 Trading operations	81
Note 31 Agency services	82
Note 32 Road charging schemes	83
Note 33 Pooled budgets	83
Note 34 Members' allowances	84
Note 35 Officers' remuneration	85

Note 36 External audit costs	88
Note 37 Dedicated schools grant	88
Note 38 Grant income	89
Note 39 Related parties	91
Note 40 Capital expenditure and capital financing	92
Note 41 Leases	93
Note 42 PFI and similar contracts	98
Note 43 Impairment losses	101
Note 44 Capitalisation of borrowing costs	101
Note 45 Termination benefits	101
Note 46 Pension schemes accounted for as defined contribution schemes	102
Note 47 Defined benefit pension schemes	102
Note 48 Contingent liabilities	107
Note 49 Contingent assets	107
Note 50 Nature and extent of risks arising from financial instruments	108
Note 51 Large scale voluntary transfer (LSVT)	113
Note 52 Landfill allowance trading scheme (LATS)	115
Housing revenue account	116
Collection fund	122
Group accounts	125
First time adoption	143
Events after the reporting period	147
Glossary	148
Independent auditors report	158

EXPLANATORY FOREWORD

MESSAGE FROM THE CHIEF FINANCE OFFICER

This set of accounts are prepared at a time when Local Authorities are having to deal with significant change brought about by the impact of the current recession, and ongoing Government spending cuts putting extra pressure on tight resources.

In addition, in line with the changes in requirements for the presentation of Local Authority accounts introduced by the adoption of the International Financial Reporting Standards (IFRS) from the financial year 2010/11, this is the first Statement of Accounts that the Council has prepared to comply with the new accounting regime. The format of the accounts is different than in previous years and I have therefore taken the opportunity to expand the information provided in my report accompanying the financial statements to provide an overall explanation of the Council's financial position both during 2010/11 and into 2011/12. This includes major influences affecting the accounts, and is prepared in a style to enable readers to understand and interpret the accounting statements.

INTRODUCTION

The accounts relate to the year ended 31st March 2011. A summary of each statement and its purpose together with a brief overview of the Authority's financial position is detailed below. Definitions of any technical terms used in the statement can be found in the glossary of terms section.

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) IN 2010/11

For the first time the 2010/11 accounts for the Council and all other Local Authorities have been prepared under International Financial Reporting Standards (IFRS), instead of formerly used UK Generally Accepted Accounting Practice (GAAP). This follows the Chancellor of the Exchequer's announcement in the 2007 budget that the UK public sector would adopt IFRS, as it was seen as best practice and allowed for international comparisons to be made.

The move towards IFRS has been a major challenge for the public sector, resulting in more disclosures in the Statement of Accounts, changes in accounting policies, changes in narrations to many of the statements and a number of key accountancy changes. The changes are summarised below:

Restatements - The opening balance sheet at 1 April 2009 has been restated on an IFRS basis as well as the 2009/10 accounts. The IFRS changes have been carried out by producing comparative balance sheets for 1 April 2009 and for the year to 31st March 2010 as well as notes. Also, a comparative Income and Expenditure account for 2009/10 has been restated under IFRS including notes.

The cumulative restatements have resulted in the net worth of the Authority increasing by £118.381m, from £285.499m as at 31st March 2010 in the published UK GAAP statement of accounts to £403.88m as at 31st March 2010 in the IFRS restated balance sheet.

The key movements are:

- Fixed Assets have increased by £14.763m, this is largely due to Lymm High School (a voluntary controlled school) being brought back on to the balance sheet as a result of applying IFRIC12 (Service Concession Arrangements). The Council's Fixed Assets have also been restated in IFRS format that now groups assets as Plant, Property and Equipment (PPE), Investment Properties and Assets Held for Sale.
- Grants and Contributions received have had to be restated in line with IAS20 (Accounting for Government Grants and Disclosure of Government Assistance). This has resulted in £97.347m of Deferred Government Grants being treated as reserves, and a reduction in short term creditors of £16.883m and an increase in long term creditors of £1.814m.
- Provisions have increased by £8.798m for the inclusion of the Accumulated Absences Account which is an accrual for any untaken leave and/or benefits in year, as required by IAS19 (Employee Benefits).

Component Accounting - This is also a new concept for Local Authorities and involves the splitting of assets into significant component parts and depreciating these parts separately. This change has not had a material impact on the 2010/11 accounts.

Employee Benefit Accrual - A new charge that is applied to the accounts for untaken leave of staff at 31st March 2011. This amounted to £8.793m in the 2010/11 accounts and it is recorded as a short term provision.

Assets - A full review of asset classes has taken place in line with IFRS requirements. This has meant a review and re-categorisation of assets including Assets Held for Sale (a new category, in summary assets which the Authority is actively marketing for sale), and Investment Properties (now assets solely held for capital gain or rental income). The remaining assets are classified on the Balance Sheet as Property Plant and Equipment (PPE).

Grants - Grants and contributions for capital purposes will be recognised as income immediately rather than being deferred and released to revenue to match depreciation. For 2010/11, this has resulted in £28m of capital grants going through the Comprehensive Income and Expenditure Account instead of being deferred.

Leases - Property leases are classified and accounted for as separate leases of land and buildings. The classification of leases has also changed. A Finance Lease is one that substantially transfers all the risks and rewards incidental to ownership. These become Balance Sheet items as it is considered that the Authority is purchasing these assets. Operating leases are all leases that are not finance leases and are expenditure in the

Comprehensive Income and Expenditure Statement. Local Authorities also need to assess whether other contracts they have contain the substance of a lease, these are known as embedded leases. These changes have resulted in £1.285m of finance leases being brought back on the Council's Balance Sheet in 2010/11.

See Appendix One: First Time Adoption for further details on the implementation of Internal Financial Reporting Standards.

EXPLANATION OF THE STATEMENTS

Movement in Reserves Statement

This shows the movement in year on the different reserves held by the Council, analysed into usable reserves and unusable reserves. The statement shows 2010/11 usable reserves (cash backed reserves) decreased by £1.368m and unusable reserves (accountancy adjustments) reduced by £75.189m. The overall movement on the Council's 2010/11 reserves was a reduction of £76.557m.

Comprehensive Income and Expenditure Statement

This replaces the Income and Expenditure account and now includes what was classified as the Statement of Total Recognised Gains and Losses under UK GAAP. The account summarises the resources that have been generated and consumed in providing services and managing the Council during the last financial year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed, and the real projected value of retirement benefits earned by employees in the year. The statement shows the 2010/11 cost of Council Services was £378.447m and the Council recorded a deficit on the provision of its services of £220.647m.

The Balance Sheet

This statement sets out the financial position of the Council on 31st March 2011. It incorporates the funds of the Authority, both Capital and Revenue. Headline figures from the Balance Sheet are:

- Fixed Assets decreased by £290.993m in 2010/11 and this is primarily the result of the Housing Stock Transfer
- The Council's Net Pension Liability at 31st March 2011 was £88.077m, a decrease of £179.340m on 2009/10
- Usable Reserves decreased by £1.368m
- Provisions increased by £2.0m in year
- The Net Worth of the Council reduced by £76.56m in 2010/11 to £327.320m at 31st March 2011. The main cause of this was the transfer of properties to Golden Gates Housing Trust following the Housing Stock Transfer

Cash Flow Statement

The cash flow is split into four sections under IFRS, operating activities investing activities; financing activities and cash and cash equivalents. The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period whereas under UK GAAP this statement did not include movements in cash equivalents. The statement shows the Council recorded a cash flow net increase of £10.412 in 2010/11.

The Housing Revenue Account (HRA)

This summarises the income and expenditure in respect of the provision of Local Authority housing accommodation.

During 2010/11, the Authority transferred its housing stock to Golden Gates Housing Trust following a positive ballot of tenants earlier in the year. The transfer took place on 29th November 2010.

There are detailed notes to help explain the changes and significant items within the HRA. The HRA recorded a deficit of £0.702m during 2010/11, which means the HRA held reserves of £3.148m at 31st March 2011.

Following the audit of the 2010/11 HRA, the Authority will apply for approval, from the Secretary of State, to close down the HRA, which will mean all reserves will transfer to the General Fund.

The Collection Fund

The Collection Fund is the account into which income due from Council Tax, Business Rates and Residual Poll Tax is paid. Money is paid out to Government for Businesses Rates and to the Council, Fire and Police Authorities in respect of amounts required by their budgets for the financial year. A Provision is made for uncollectible Council Tax, and any surplus on the accounts is paid over to the Council and preceptors in subsequent years. The Collection Fund recorded a surplus of £0.356m for the year ended 31st March 2011.

The Group Accounts

The Council is required to prepare Group Accounts where the Council has an interest in subsidiaries, associates and/or jointly controlled entities subject to the consideration of materiality. These statements consolidate the Council's accounts with those of:

- Golden Gates Housing (only up to 29 November 2010). Golden Gates Housing made a profit up to 28 November 2010 of £2.539m
- Warrington Borough Transport (WBT). WBT reported a 2010/11 profit of £1.405m
- Connexions which made a 2010/11 profit of £2.405m

Segmental Reporting

The Comprehensive Income and Expenditure Statement is produced under accounting standards and differs from the financial management reporting the Council uses in year (this is the same for all Councils). The new Segmental reporting note (note 28) to the Accounts reconciles the Comprehensive Income and Expenditure Statement with the Council's internal management accounts reporting format.

FINANCIAL PERFORMANCE FOR THE YEAR 2010/11

Expenditure falls into two broad areas, namely revenue spending (concerning the provision of Council services) and capital spending (the acquisition and improvement of assets).

Revenue Spending (General Fund) in 2010/11

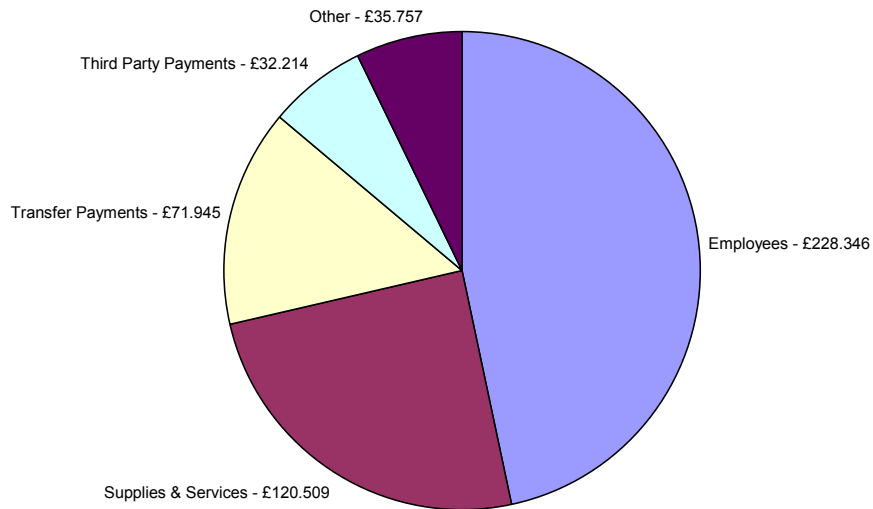
A comparison of budget and outturn is set out below with the actual spend as reported against the budget for each Directorate for 2010/11 as follows:

	Original Budget £m	In Year Budget Movement £m	Revised Budget £m	Actual Spend £m	Variance £m	Variance %
Assistant Chief Executive	12.371	(4.391)	7.980	7.903	(0.077)	(0.965)
Children & Young People	32.643	8.277	40.920	44.451	3.531	8.629
Environment & Regeneration	28.988	6.061	35.049	35.141	0.092	0.262
Neighbourhood & Community	61.260	12.164	73.424	71.470	(1.954)	(2.661)
People & Improvement	1.730	0.885	2.615	2.089	(0.526)	(20.115)
Corporate Financing	(0.870)	(9.059)	(9.929)	(10.995)	(1.066)	10.736
Total	136.122	13.937	150.059	150.059	(0.000)	(0.000)

The table above shows that the Council recorded a break even position for 2010/11 after utilising certain earmarked reserves.

The Council incurred gross revenue expenditure in 2010/11 of £488.771m an analysis of which is given in the charts below:

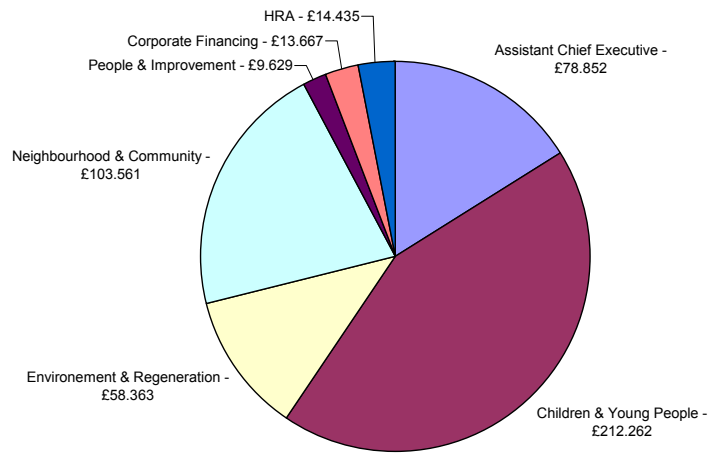
Where the money was spent (£m)



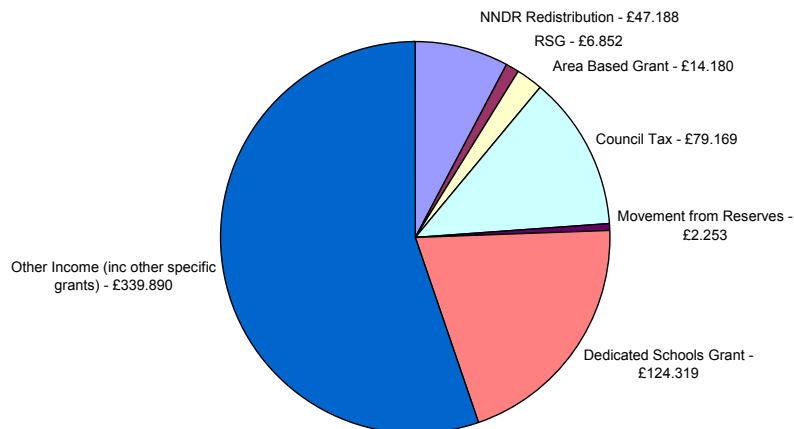
The main elements of expenditure are:

- Employees **£228.346m** – primarily salary costs (this includes teachers)
- Third Party Payments of **£32.214m** – including £3.7m on Concessionary Travel, £4.2m Golden Gates Housing Management Fee, £2.3m on learning disability
- Transfer Payments of **£71.945m** – includes £36.0m of Rent Allowances, £13.8m of Council Tax Benefits and £13.8m of Rent Rebates
- Supplies of **£120.509m** – includes £6.7m on Consultancy, £30.7m Social Care costs, £0.386 Audit Commission fee
- Other Operating costs of **£35.757m** – includes £25.402m premises costs and £10.465m of transport costs

Services on which the money was spent (£m)



Where the money came from (£m)



Capital Spending in 2010/11

The Council Spent £57.162m (18% under the in-year Budgeted Programme) on capital items in 2010/11. The tables below show an analysis of 2010/11 capital expenditure, funding position and major scheme expenditure:

2010/11 Capital Expenditure	Original MTFP £m	Revised (Dec) £m	Actual Spend £m	Variance	
				£m	%
Children's Services	31.329	26.043	21.960	(4.083)	-16%
Neighbourhood & Community	1.386	1.487	1.330	(0.157)	-10%
Housing	2.658	0.084	0.077	(0.007)	-8%
Assistant Chief Executives	6.5	2.660	2.660	-	0%
People & Improvement	36.368	34.911	24.057	(10.854)	-31%
Environment & Regeneration	1.345	4.743	7.078	2.335	48%
Total	79.586	69.928	57.162	(12.766)	-18%

The Council paid for its Capital Expenditure from the following sources:

Capital Programme	Actual £m
Council Supported Borrowing	6.412
Council Unsupported Borrowing	11.294
Council Capital Grants and Reserves	33.212
Council Capital Receipts	2.473
Council Revenue Funding	3.771
TOTAL - Capital Funding Plans	57.162

The most significant Capital Expenditure schemes, which incurred expenditure of £0.5m or more, are shown below:

Major Capital Schemes with Spending over £500,000	£m
St Margarets CE Primary School - Extension to existing building	2.223
Devolved Formula Capital - Primary Schools	0.741
Great Sankey High School - 6th Form Accommodation. & Modernisation	3.806
Birchwood High School - Post 16 & Modernisation	3.120
3-4yr old Capital Money for Nursery Unit (Extended Hours)	0.847
Schools Capital Works	0.809
Culcheth High School (BSF and community facilities)	4.619
Parr Hall Refurbishment	1.047
Workforce Remodelling(pensions)	1.710
LTP Bridges	1.000
LTP Structural Maintenance	2.041
Long Lane Roundabout	0.691
Community Infrastructure	1.659
Parks and Streets Refurbishment	0.840
ICT Infrastructure Modernisation/Unified Communications	2.846
Orford Park Sports village	7.050
Woolston Urban Ecology Nature Park (M'cer Road) REVIVE	0.718
Pilot Community Hub (Woolston Leisure Centre)	1.422
Decent Homes/Capital Improvements	0.796
Affordable Housing	2.349
Disabled adaptations to private housing	1.187
	41.521

Acquisition of Assets

The Council did not acquire any assets during 2010/11.

Disposal of Assets

The Council disposed of assets of £2.437m during the year with the major items being:

- Woolston Library - £0.226m
- Orford Lane Family centre - £0.186m
- Booths Hill House - £1.4m
- Warrington Baths - £0.335m

SCHOOLS

The Council's expenditure on schools and education is predominantly funded by grant monies provided by the Government through the Dedicated Schools Grant, (DSG), (Sixth form funding derives from a separate, specific funding allocation). The DSG is ring-fenced and can only be used to cover either schools' expenditure or specific central education services provided by the Council. Overall, the Council underspent on its DSG in 2010/11 by £0.228m. This related to the proportion of DSG used to provide the central education services, and was chiefly as a result of lower than expected costs in placing Warrington students in out-of-borough specialist educational establishments.

In terms of school reserves, these began the year at £1.157m and stood at the end of 2010/11 at £1.954m, an increase of £0.797m. The Primary and Special School Sectors saw bottom-line increases (£0.825m and £0.060m, respectively), with a small reduction in balances in the Secondary Sector (£0.088m). The increase in balances was largely the consequence of a number of schools eliminating accumulated deficit balances through managerial action plans agreed with the Authority. During the course of 2010/11, the number of schools in deficit almost halved, from 22 to 12. Also, during this financial year, the Warrington school sector reduced by one, with the closure in August 2010 of Longbarn Community Primary School. The Council's Building Schools for the Future programme was also cancelled by the Government. This resulted in the Council having to meet costs already incurred on the scheme of £0.988m in 2010/11.

EXCEPTIONAL ITEMS

The Council recorded 2010/11 exceptional item costs of £9.740m with regards to £4.845m of termination of staff contracts costs, £3.907m of Housing Stock Transfer costs and £0.988m of abortive Building Schools for the Future costs.

RESERVES

The Council holds both usable (funds available for the Council to use) and unusable reserves (non cash back reserves / accountancy adjustment reserves). The usable reserve balance at 31st March 2011 was £39.86m, a reduction of £1.37m over the year. The reduction is primarily the result of funds being transferred to the General Fund.

SIGNIFICANT PROVISIONS

Note 22 to the accounts shows the provisions that have been recorded in the accounts. The significant ones being:

- £1.1m Golden Square Rental
- £1.5m Termination Benefits
- £1.1m Insurance Fund

PRIVATE FINANCE INITIATIVE (PFI)

The Council in 2004 procured and delivered 105 affordable social houses at the former Anson Close and Blenheim Close site under the Private Finance Initiative (PFI). Under the terms of the agreement, the Council is liable to pay a maximum unitary charge of £300,000 per annum (until the year 2034) towards the annual operational cost of the project. Deductions will apply in respect of non-performance by the PFI Contractor.

The Council in 2004 also procured and delivered 38 affordable apartments for rent, providing supported housing at the former John Morris House site under the Private Finance Initiative. Under the terms of the agreement the Council is liable to pay a

maximum unitary charge of £180,500 per annum (until the year 2038) towards the annual operational cost of the project.

Following on from changes in accountancy rules in 2009/10, these two schemes are now recorded on the Council's Balance Sheet for the first time.

BORROWING FACILITIES

At 31st March 2011, the Council's total external deposits with financial institutions amounted to £27.8m (£18.7m at 31st March 2010). At 31st March 2011 the Council had £112.3m of debt outstanding (£146.7m at 31st March 2010) principally to finance the cost of the Council's capital programme.

The significant reduction in the level of debt in 2010/11 is due to repayment by the DCLG of £60.6m PWLB loans as part of the Housing Stock Transfer.

The Council considers this level of borrowing to be prudent with reference to the Capital Financing Requirement (as defined in the Prudential Framework for Capital Accounting), which measures the underlying need to borrow to finance capital expenditure was £121.815m as at 31st March 2011 (£149.825m at 31st March 2010). The Council's borrowing is thus £9.5m below its Capital Financing Requirement. Also the Council has non current assets of £539.046m and the net worth of £327.320m.

Please note that these figures have been adjusted in the statement of accounts to reflect the accounting treatment of accrued interest and financial instruments. The figures above show the actual cash amounts outstanding at 31st March with financial institutions (including cash deposits).

OFFICERS RENUMERATION

During 2010/11 there has been a lot of national press coverage of the remuneration packages paid to senior officers in the public services. Note 35 to the accounts provides details of the remuneration packages paid to senior officers of the Council.

PENSION RESERVE

The Authority's Balance Sheet includes a net pension liability of £88.077m as at 31st March 2011, a decrease of £179.340m. The impact of this liability is that it reduces the net worth of the Council by £88.077m.

The 2010/11 £179.340m decrease in the pension liability is principally due to the actuarial financial assumptions at 31st March 2011 being more favourable than they were at 31st March 2010, and pension increases now being based on the Consumer Price Index (CPI) instead of the Retail Price Index (RPI)

The pension liability reflects the fair value of future pension liabilities that have been incurred less the assets that have already been set aside to fund them.

HOUSING STOCK TRANSFER

The Council transferred its housing stock to Golden Gates Housing Trust on 29 November 2010. Previously, Golden Gates Housing existed as an Arms Length Management Organisation (ALMO) wholly owned by the Council. The Large Scale Voluntary Transfer has had a major impact on the Council's accounts for 2010/11.

The Council transferred 8,789 dwellings, and various small land holdings and garages and shops. The result of this is that the Authority has written off £235m of Housing Assets from its Balance Sheet.

As well as writing off assets the Stock Transfer also enabled the Authority to remove £60m of Long Term debt.

As part of the Stock Transfer the Authority entered into an agreement with Golden Gates Housing to reclaim VAT on future improvement works to the transferred stock. An estimated total of £48.3m of improvement works would be recoverable by the Golden Gates Housing Trust over the next 15 years.

The Council also will receive 100% of any proceeds from the future sale of properties under the Right to Buy Scheme.

IMPACT OF ECONOMIC CLIMATE

In the summer of 2010/11, the new coalition Government announced the first of its austerity measures which resulted in significant cuts in public sector funding.

For 2010/11, the major cuts announced that affected the Council's 2010/11 spending plans were:

- The ending of Warrington's Building Schools for the Future programme. This resulted in the Council having to meet the abortive costs of £0.988m
- £1.1m cut in Education Area Based Grant (ABG)
- £0.1m cut in Supporting People ABG
- £0.8m cut in capital grants (mainly transport related)

In 2010/11 the Government also announced its new transparency agenda. This required all Councils to publish details of any spend of £500+. Warrington fully complied with this new initiative and details can be found on the following web link:

http://www.warrington.gov.uk/home/your_council/Budget_and_spending/open_data/

A detailed review of the valuations of the Council's assets has been undertaken to assess the impact of general economic conditions on property values. Where the value of the

Council's Assets have fallen, this has been reflected in the Council's accounts and the impact shown under the Impairment of Fixed Assets. The financial impact of Impairment of Fixed Assets in 2010/11 was £305.193m (2009/10 £1.096m), see note 43 to the Core Financial Statements for further details.

The recession has also had a direct impact on the Council's finances in 2010/11. Like most Councils we have experienced an increase in the demand for free school meals and Housing Benefit as well as falls in income in areas such as car parking. The low interest environment has also resulted in the Council receiving lower returns on its investments.

The Council also terminated the contracts of a number of employees in 2010/11 incurring termination benefit costs of £4.845m. The Council received permission from the Government to capitalise (pay for out of capital resources) £2.262m of these costs.

On the 20 October 2010, the Government published the Comprehensive Spending Review. This reported that Local Authority expenditure would be cut by 28% over the following four year period and that the cuts would be front loaded with 11% needed to be made in 2011/12. The total number of specific grants was reduced with a large number being rolled into Councils formula grant allocation. This then incorporated itself in the Local Government Finance Settlement that was announced later in the year.

The 2011/12 Local Government Finance Settlement was a two year settlement covering 2011/12 and 2012/13. For Warrington, it reduced our funding by 13.3% in 2011/12 and 8.7% in 2012/13.

Against this background the Council formulated its 2011/12 – 2013/14 Medium Term Financial Plan. This incorporates savings of £35m over the MTFP period, £22.7m of which are in 2011/12. Cuts of this magnitude require significant changes in the way the Council delivers services in the medium term. The MTFP also incorporates changes in the statutory functions of Councils in relation to taking on responsibility for Public Health from 2011/12 onwards.

The main costs and risks over the medium term continue to be Adult Social Care, largely the result of an ageing population with increasing care needs, and waste, regarding increased Landfill and the costs of using alternative, more sustainable methods of waste disposal. In the short term interest rates are forecast to remain low which will continue to have an impact on interest earned on revenue balances. A significant pressure is the delivery of planned efficiency savings and the Council will need to continue to invest in service reconfiguration both to improve services and generate greater efficiency savings.

In setting the Council's 2011/12 – 2014/15 MTFP a full evaluation of Council reserves took place, to ensure that they were sufficient to meet the financial pressures facing the Council in the medium term. Following this review I was able to issue an assurance statement to full Council (in line with the 2003 Local Government Finance Act) that the reserves were sufficient in setting the 2010/11 budget. A breakdown of reserves can be found in notes 23 & 24.

The Council has also set an ambitious £178m capital investment programme over the period 2011/12 – 2013 /14 which is fully funded over the period.

PERFORMANCE

In 2010/11 across the Authority there were 92 service delivery measures and at the end of the year 77% of these had been achieved. The year end management accounts position reported an overspend of less than 1%.

Key Performance Highlights

In January 2011, Ofsted returned to Warrington to re-inspect safeguarding and looked after children's services following an inadequate judgement in November 2009. The results show that the council and its partners are now meeting all of their statutory requirements. Performance is rated as adequate in 20 areas and good in the remaining two and as a result Ministers have withdrawn intervention early.

Warrington town centre footfall is outperforming the national downward trend in footfall in town centres. Warrington recorded an increase in footfall of 3.7% and recent figures demonstrate that Warrington town centre is thriving and is outperforming many other parts of the country.

Council Tax and Business Rates collection exceeded targets set for the year and Warrington is top within the Association of Greater Manchester Authorities (AGMA) group of Authorities for Council Tax collection rates. The Benefits take up campaign has been successful with £1m additional benefits raised for local residents during 2010/11.

FUTURE DEVELOPMENTS

Future Changes in the Funding of Local Government

The Government has initiated a Local Government Resource Review which is due to report back in July 2011. The main focus is around the methodology for collection and retention of Business Rates with a longer term aim of Government being to "free" councils from being funded via Central Government where this is practical, as well as develop better incentives for Local Authorities to promote economic growth in their areas and to benefit financially from that growth. In essence this would result in Councils being wholly funded by locally raised Council Tax and Business Rates, with minimal additional resource coming from Central Government.

This change could potentially have a positive impact on Warrington with the Council potentially benefiting from increased resource allocation, however it is recognised that any change will have national implications which will have to be addressed.

Housing Benefit /Council Tax Benefit Changes

From the financial year 2013/14, substantial changes are proposed to housing benefit administration and the financial responsibility for Council Tax Benefit. The Government is planning to implement the "Universal Credit" system for new housing benefit claimants

from 1 April 2013. The financial impact on the Council who administer housing benefit on behalf of the Department of Work and Pensions (DWP) will become clearer as the detailed proposals are developed. From 1 April 2013, financial responsibility for Council Tax benefit will be transferred from the DWP to the Council. The level of funding transferred to the Council will be 90% of the present level which is reimbursed by the DWP.

Joint Commissioning of Services with the NHS

One key development which will influence the future operating model of the Council is the transfer of functions that are currently undertaken by the Primary Care Trust (PCT). The NHS White Paper "Equity and Excellence: Liberating the NHS (July 2010)" and the subsequent "Health and Social Care Bill (January 2011)" highlight a changing focus on statutory responsibilities and commissioning responsibilities for the NHS and Local Authorities.

Along with the Public Health White Paper: "Healthy Lives, Healthy People: Our Strategy for Public Health in England (November 2011)" they provide the context for health and wellbeing developments over the coming years.

There will be significant changes in organisational responsibilities, with financial flows and transferring functions. This change will need to be delivered at the same time as reductions in total NHS and Local Government funding and all the other organisational change that the Council will be facing.

YOUR COMMENTS

The Explanatory Foreword and the Accounts that follow are an important part of the Council's arrangements for financial management and accountability.

A summarised version of the Accounts, which provides a more user-friendly overview of the key figures for 2010/11, will be published in Autumn 2011 following completion of the Accounts Audit. This will be available on the Council's website and copies will be available in public places after the conclusion of the audit.

If you have any comments on any aspect of the Statement of Accounts, please contact Danny Mather by e-mail at dzmather@warrington.gov.uk or by phone on 01925 442344.

ACKNOWLEDGEMENTS

The production of the Statement of Accounts would not have been possible without the exceptionally hard work of staff across the Council. This has been a significant challenge in a year of many changes and I would like to express my gratitude to all colleagues, from the finance team and other services, who have assisted in the preparation of this document.

Lynton Green CPFA
Chief Finance Officer

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Local Authority Code

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

The Statement of Accounts gives a true and fair view of the financial position of the Authority at 31st March 2011 and its income and expenditure for the year ended 31st March 2011.

Signed

Dated

Lynton Green, Chief Finance Officer

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

	General Fund Balance £000	Earmarked General Fund Reserves £000	HRA Balance £000	Earmarked HRA Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves of the Authority £000
Balance as At 1 April 2009	976	22,891	1,182	842	85	2,448	4,013	32,437	486,729	519,166
Movement in reserves during the year										
Surplus or (deficit) on the provision of services	22,984		519					23,503		23,503
Other Comprehensive Income and Expenditure	-				-			-	(138,790)	(138,790)
Total Comprehensive Income and Expenditure	22,984	-	519	-	-		-	23,503	(138,790)	(115,287)
Adjustments between accounting basis & funding basis under regulations (Note 7)	(22,398)		955		31	(739)	7,846	(14,305)	14,305	-
Net Increase/Decrease before Transfers to Earmarked Reserves	586	-	1,474	-	31	(739)	7,846	9,198	(124,485)	(115,287)
Transfers to or from earmarked reserves	(586)	416	(235)	(1)	-			(406)	406	0
Increase/Decrease in Year	-	416	1,239	(1)	31	(739)	7,846	8,792	(124,079)	(115,287)
Balance as at 31 March 2010	976	23,307	2,421	841	116	1,709	11,859	41,229	362,650	403,879
Movement in reserves during the year										
Surplus or (deficit) on provision of services	28,865		(249,513)					(220,648)		(220,648)
Other Comprehensive Income and Expenditure	-				-			-	144,088	144,088
Total Comprehensive Income and Expenditure	28,865	-	(249,513)	-	-	-	-	(220,648)	144,088	(76,560)
Adjustments between accounting basis & funding basis under regulations	(32,642)		250,168		(5,091)	3,375	-	215,810	(215,810)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(3,777)	-	655	-	(5,091)	3,375	-	(4,838)	(71,722)	(76,560)
Transfers to or from earmarked reserves	3,777	(3,537)	(770)	1	5,499	(2,983)	1,482	3,469	(3,469)	-
Increase/Decrease in Year	-	(3,537)	(115)	1	408	392	1,482	(1,369)	(75,191)	(76,560)
Balance Sheet As At 31 March 2011	976	19,770	2,306	842	524	2,101	13,341	39,860	287,459	327,319

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2009/10					2010/11		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
24,590	(12,367)	12,223	Central Services to the Public		92,716	(70,849)	21,867
31,876	(10,446)	21,430	Cultural, Environmental and Planning Services		44,874	(13,199)	31,675
201,698	(161,970)	39,728	Childrens and Education Services		233,143	(187,798)	45,345
18,516	(2,690)	15,826	Highways, Roads and Transport Services		19,618	(3,656)	15,962
27,281	(30,198)	(2,917)	Local Authority Housing (HRA)		331,376	(82,089)	249,287
72,400	(71,190)	1,210	Other Housing Services		15,628	(5,682)	9,946
81,448	(31,517)	49,931	Adult Social Care		83,727	(31,948)	51,779
4,253	(220)	4,033	Corporate and Democratic Core		6,125	(220)	5,905
2,147	-	2,147	Non-Distributed Cost		(53,319)	-	(53,319)
464,209	(320,598)	143,611	Cost of Services		773,888	(395,441)	378,447
		910	Other Operating Expenditure	Note 9			6,154
		13,357	Financing & Investment Income & Expenditure	Note 10			8,445
		-	Surplus or Deficit on Discontinued Operations				-
		(181,381)	Taxation and Non-Specific Grant Income	Note 11			(172,399)
		(23,503)	(Surplus) or Deficit on Provision of Services				220,647
		(7,532)	Surplus or Deficit on revaluation of non-current assets	Note 12			(8,834)
			Surplus or deficit on revaluation of available for sale financial assets	Note 23			
		146,322	Actuarial gains / losses on pension assets / liabilities	Note 47			(135,253)
		138,790	Other Comprehensive Income and Expenditure				(144,087)
		115,287	Total Comprehensive Income and Expenditure				76,560

The Council recorded 2010/11 exceptional item costs of £9,740,191 with regards to £4,845,331 of termination of staff contracts costs, £3,907,000 of Housing Stock Transfer costs and £987,860 of abortive Building Schools for the Future costs.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure of repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

		31st March 2011	31st March 2010	1st April 2009
	Notes	£000	£000	£000
Property, Plant & Equipment	12/12a	463,769	744,361	705,982
Investment Property	13	36,472	45,729	44,499
Intangible Assets	14	2,881	3,560	14
Assets held for sale	20	-	465	465
Long Term Investments	15	2,007	1,038	1,098
Long Term Debtors	18	33,917	33,613	33,695
Long Term Assets		539,046	828,766	785,753
Short Term Investments	15	5,046	60	13,482
Inventories	16	925	880	640
Short Term Debtors	18	46,549	45,416	27,544
Cash and Cash Equivalents	19	31,203	22,953	19,068
Assets held for sale	20	-	-	-
Current Assets		83,723	69,309	60,734
Cash and Cash Equivalents	19	(8,366)	(10,528)	(4,923)
Short Term Borrowing	15	(3,234)	(2,143)	(517)
Short Term Creditors	21	(46,329)	(38,030)	(44,042)
Provisions	22	(11,929)	(9,925)	(9,293)
Liabilities in disposal groups	20	-	-	-
Donated Assets	38	-	-	-
Grants receipts in advance	38	-	-	-
Current Liabilities		(69,858)	(60,626)	(58,775)
Long Term Creditors	21	(19,765)	(13,167)	(14,442)
Provisions	22	(1,531)	(1,105)	(1,244)
Long Term Borrowing	15	(116,219)	(151,881)	(135,101)
Other Long Term Liabilities	47	(88,077)	(267,417)	(117,758)
Long Term Liabilities		(225,592)	(433,570)	(268,545)
Net Assets		327,319	403,879	519,167
Usable reserves	23	39,860	41,230	32,439
Unusable Reserves	24	287,459	362,649	486,728
Total Reserves		327,319	403,879	519,167

Cash Flow Statement

The Cash Flow Statement shows the changes on cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2009/10 £000		Notes	2010/11 £000
(23,503)	Net (surplus) or deficit on the provision of services		220,647
(1,873)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(316,370)
9,606	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		16,310
(15,770)	Net cash flows from Operating Activities	25	(79,413)
48,564	Investing Activities	26	37,238
(31,075)	Financing Activities	27	31,763
1,719	Net (increase) or decrease in cash and cash equivalents		(10,412)
(14,144)	Cash and cash equivalents at the beginning of the reporting period		(12,425)
(12,425)	Cash and cash equivalents at the end of the reporting period	19	(22,837)

Notes to the Financial Statements

1 Accounting Policies

Statement of Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2010/11 financial year and its position at the year-end of 31st March 2011. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2003, which require the statement to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 Acquisitions and Discontinued Operations

Acquired operations

The Authority has not acquired any operations during the current financial year.

Discontinued Operations

The results of discontinued operations are shown as a single amount on the face of the Comprehensive Income and Expenditure account comprising the profit or loss of discontinued operations and the gain or loss recognised either on measurement to fair value less costs to sell or on the disposal of the discontinued operation. A discontinued operation is a cash generating unit or a group of cash generating units that has been disposed of, or is classified as held for sale and represents a separate entity within our group accounts.

1.4 Cash and Cash Equivalents

Cash includes all bank credit balances and overdrafts held by the Authority as part of its normal cash management, including all deposit accounts accessible without notice.

Cash Equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash Equivalents include investments with a fixed maturity of three months or less from the date of acquisition and available for sale assets such as cash placed in money market funds.

1.5 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an

amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.6 Exceptional Items

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

1.7 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

The Authority does not award long term employee benefits i.e. those which are not expected to be paid or settled within 12 months of the balance sheet date.

Termination Benefits

Termination benefits, whether they are a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, are charged on an accruals basis to the relevant service line (or in discontinued operations) in Comprehensive Income and Expenditure Statement.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash

paid to the pension fund and pensioners and such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pensions Scheme, known as the Cheshire Pension Fund and administered by Cheshire West and Chester Council.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

Teachers' Pension Scheme

The arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pensions in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Cheshire Pension Fund scheme attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 6.9% (based on the indicative rate of return on iBoxx Sterling Corporate Index, AA over 15 years).
- The assets of Cheshire Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value
- The change in the net pensions liability is analysed into seven components:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years –

debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long term return – credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement
- gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services to the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- actuarial gains and losses – changes on the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
- contributions paid to the Cheshire Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Employer contribution rates are reviewed every three years. The last review took place at 31st March 2007; effective from 1 April 2008. The employer contribution rate set for the Council was 19.1 % for 2009/10 (19.45% in 2008/09). In accordance with current regulations, the actuary set the rate at a level sufficient to enable the Pension Fund to meet 100% of existing prospective liabilities, including pension increases.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision

to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

The Authority has in place a ground-up insurance policy which covers the majority of injury awards. Any ad-hoc injury claims not covered by the policy and for which the Authority are therefore liable are dealt with in the Comprehensive Income and Expenditure Account in the financial year in which they occur.

1.8 Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period. – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.9 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

The bonds issued by the Authority in previous years however are carried at a lower amortised cost than the outstanding principal, and interest is charged at a marginally higher effective rate of interest than the rate payable to bondholders as a material amount of costs incurred in its issue is being financed over the life of the stock.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase / settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Authority has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the

amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event the payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted as the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

1.10 Grants

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or services potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are

transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Area Based Grant

Area Based Grant (ABG) is a general grant allocated by central Government directly to Local Authorities as additional revenue funding. ABG is non-ring-fenced and is credited to Taxation and Non-Specific Grant income in the Comprehensive Income and Expenditure Statement.

1.11 Intangible Fixed Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.12 Interest in Companies and Other Entities

The Authority has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. In the Authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

The Council had interests in three limited companies during the financial year:

- Warrington Borough Transport
- Connexions
- Golden Gates Housing

Warrington Borough Transport is wholly owned by Warrington Borough Council and is consolidated into the Group Accounts as a subsidiary.

Golden Gates Housing (GGH) was wholly owned by Warrington Borough Council until the 29th November, when it became an independent Trust separate from the Council. GGH is consolidated into the Group Accounts as a subsidiary for the portion of the year up to its change in operation. At that point the change is shown in the Group Accounts as a disposal of discontinued operations.

Warrington Borough Council owns 33% of Connexions which is shown as an associate within the Group Accounts.

1.13 Inventories and Long Term Contracts

Inventories are included in the balance sheet at the lower of cost or net realisable value. The cost of inventories is assigned using the FIFO costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Work in progress is included in the IFRS balance sheet at cost.

1.14 Interest Receivable or Payable

The effective interest rate method is used to measure the carrying value of a financial asset or liability measured at amortised cost, and to allocate associated interest income or expense to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to equal the amount at initial recognition. The effective interest is adjusted to the actual interest payment or receipt through the Movement in Reserves Statement to ensure only actual interest is charged to Council Tax.

For financial assets and liabilities carried at cost because the effective rate of interest is the same as the carrying rate of interest, the carrying value is adjusted for accrued interest.

1.15 Internal Interest

Interest earned is recorded initially in the Comprehensive Income & Expenditure Account. Subsequent allocations are made to certain other individual funds, based on individual cash flows and an average rate of interest.

1.16 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the balance sheet date (year-end). Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.17 Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Authority in conjunction with other ventures that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and

expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

1.18 Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lesser to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant and equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period.)

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way on an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged in the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets held-for-sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the

Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.19 Minimum Revenue Provision (MRP)

The Authority is required to make an annual provision from revenue to contribute towards the repayment of borrowing. This requirement arises under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, which simplifies earlier MRP requirements by placing a duty on the Authority to determine each year an amount of minimum revenue provision which it considers to be prudent. In order to assist the Authority with this determination, Guidance for assessing what would represent a prudent provision has been issued under S.21 (1A) of the Local Government Act 2003 (The Guidance). The Authority is required to have regard to the Guidance when considering the amount of their annual "prudent" MRP.

The Council has resolved to have regard to the Guidance when determining the amount of its annual MRP.

The major proportion of MRP for 2009/10 related to the more historic debt liability that was outstanding at the time the Guidance was adopted. This will continue to be charged at the rate of 4 %, in accordance with option 1 of the Guidance.

New capital expenditure for each subsequent year will in general be charged in accordance with Option 3 of the Guidance, which recommends that the annual charge should broadly equate to the anticipated life, or period of benefit, which is reflective of the nature of the expenditure. The annual charge will represent an equal annual instalment relative to the assessed life period.

The determination of which expenditures should be charged under Option 3, and the life periods considered to be applicable to these, will be carried out under delegated powers.

The major proportion of the MRP for 2011/12 will relate to the more historic debt liability, and will continue to be charged at the rate of 4%, in accordance with option 1 of the Guidance.

Certain expenditures reflected within the debt liability at 31st March 2010 will under delegated powers be subject to MRP under Option 3 of the Guidance, and will be charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.

The use of this option for certain schemes/expenditures will also result in there being no MRP charge until the year after that in which all expenditures on a scheme, project or other item of capital expenditure have been fully accrued under proper practices, regardless of the extent of such expenditure that has not been accrued at the end of the previous financial year.

Items of capital expenditure will only be considered to represent separate amounts in cases where two or more major components have substantially different useful economic lives. Assets will not be transferred into the asset register and fixed assets account until complete, in accordance with Accounting Code principles.

To the extent that expenditure does not create an asset, and is of a type that is subject to estimated life periods that are referred to in the Guidance, these recommended periods will generally be adopted by the Council. However, in the case of long term debtors arising from loans or other types of capital expenditure made by the Council which will be repaid under separate arrangements, there will be no minimum revenue provision made. The Council are satisfied that a prudent provision will be achieved after exclusion of these capital expenditures.

A similar type of policy will apply in the case of the Golden Square Shopping Centre, except that instead of relying solely upon principal element of repayments to satisfy the MRP liability, the annual MRP charge that will in effect be made will equate to the principal amount that has been assessed by the Council's advisers, Price Waterhouse Coopers, to be included each year within the repayments received by the Authority under the lease. Rather than resulting in a fixed annual MRP charge over the period of the lease, the nominal amount of MRP charge each year will be regarded as met by the element of the lease rental which serves to write down the outstanding long term debtor created as a consequence of the lease having been granted. This approach mirrors that which is recommended within paragraph 20 of the MRP Guidance with regard to leases where the Authority is a lessee.

Other finance leases and PFI assets will have their MRP liability determined according to the life of the financial instrument, which will act as a proxy for asset life. MRP on these instruments will be accounted for with reference to IFRS accounting principles.

For those types of capital expenditure incurred by the Council which are not capable of being related to an individual asset (e.g. capitalising revenue items), asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure, and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

The policy will be reviewed on an annual basis. If it is ever proposed to vary the terms of the original Policy Statement during any year, a revised statement should be put to members at that time.

1.20 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code or Practice 2010/11 (BVACOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of the Net Expenditure on Continuing Services.

1.21 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of the transactions, other events and the conditions on the Authority's financial position and financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

2010/11 is the first year that Local Authority accounts have been prepared in accordance with IFRS as adopted and amended as required by the Code. There are several changes in accounting policy required as a result of the move from the UK Generally Accepted Accounting Principles based on the Statement of Recommended Practice (SORP) to the IFRS based code:

- Accounting for Held for Sale Assets and discontinued operations
- Accounting for capital grants and contributions and donated assets
- Accounting of impairment losses
- Definition of cash and cash equivalents
- Component accounting for Property, Plant and Equipment (prospective application only)
- Employee benefits accrual

- Lease classifications
- Short and long term classification of debtors, creditors and provisions

The nature and impact of these changes is explained further in Note 2 to the core financial statements.

Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change, there is no prior period adjustment. There is a change in accounting estimates for 2010/11 for a change in valuation method of Depreciated Replacement Cost to Instant Build Depreciated Replacement Cost, which means that valuations of specialised properties are now calculated assuming that the property would be built instantly and there is no construction period over which costs of capital are included.

There is also an estimate change for The Chancellor of the Exchequer's announcement in the Emergency Budget on 22 June 2010 that the consumer price index (CPI) rather than the retail prices index (RPI) will be the basis for future public sector pension increases. This will reduce the value of the employer's IAS19 liabilities and the IAS19 balance sheet deficit providing the CPI remains lower than RPI.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.22 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Assets are capitalised in accordance with the Authority's capitalisation and componentisation policies.

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price

- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Examples of events and changes in circumstances that indicate impairment may have incurred include:

- significant decline (i.e. more than expected as a result of the passage of time or normal use) in an asset's carrying amount during the period, that is specific to the asset;
- evidence of obsolescence or physical damage of an asset;
- a commitment by the Authority to undertake a significant reorganisation, and
- a significant adverse change in the statutory or other regulatory environment in which the Authority operates.

Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for

assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following basis:

- dwellings and other buildings – straight line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight line allocation over 5 to 10 years, dependant on the initial value of the asset
- infrastructure – straight line allocation over 40 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Components

For a component to be recognised separately it has to be a material asset (which are assets that have a building value of over £500,000) and that the component has to have a value of at least 20% of the building value AND have a useful life which is at least 20% lower than the asset as a whole.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset (or disposal group) will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset (or disposal group) is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets (or disposal group) no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

A 'disposal group' is a group of assets, possibly with some associated liabilities, which the Authority intends to dispose of in a single transaction. The measurement basis required for non-current assets classified as held for sale is applied to the group as a whole, and any

resulting loss reduces the carrying amount of the non-current assets in the disposal group in the order of allocation required by IAS 36.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.23 Private Finance Initiative (PFI)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under the PFI schemes, and as ownership of the property, plant and equipment may pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The Council have Two Housing PFI schemes. Anson and Blenheim Close were the operator was responsible for constructing 105 new dwellings for social housing, the maintenance of the properties and tenancy management services. John Morris House is the second scheme where the operator was responsible for constructing 38 new self contained flats for social housing and the maintenance of the properties together with a tenancy management service. These two PFI schemes have been accounted for as the paragraph above.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For John Morris house the liability was written down by an initial capital contribution of £395k. No applicable contribution was recorded for Anson and Blenheim Close.

Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge of 5.07% for John Morris House and 9.30% for Anson and Blenheim Close on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and is recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

With both the Council's PFI schemes the operator is allowed to retain third party income (the operator keeps all the rental income from the dwellings). This is accounted for by the credit side of the PFI scheme being pro-rated between a finance lease creditor and a deferred income balance. Essentially, the deferred income balance represents the benefits that the Authority is to receive over the life of the contract. This balance is then released to the Comprehensive Income and Expenditure Account over the life of the contract

The MRP charged on the Council's two PFI schemes will be reversed out of the accounts via the Capital Adjustment Accountant.

1.24 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate section line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

The Council has established a number of provisions to meet liabilities which are expected to arise in future years but are of uncertain timing or amounts. They are charged to net cost of services in the year that they are recognised. Payments when made are charged directly to that provision.

The main categories of provisions held by the council are:

- Bad Debt Provision
- Insurance Fund Provision
- Other Provisions

Bad Debt Provision

It is Council policy to pursue and recover all arrears owed to it that can be collected. However, good accounting practice requires for debts to be written-off in the accounts to reflect a more accurate view of the level of the debt that can actually be collected. The Council therefore maintains bad debt provisions for any potential non-payment of debtors for each of its main categories of debt.

The Council has a number of bad debt provisions which are calculated on the following basis:

Housing Benefit Overpayments

Debts greater than 6 years old - 100% of total arrears less amounts under agreed payment plans/court orders.

Debts up to 6 years old - based on average actual historic collection rates applied to the current outstanding arrears.

Sundry Debtors

Debts greater than 6 years old - 100% of total arrears.

Debts up to 6 years old - based on average actual historic collection rates applied to the current outstanding arrears.

Collection Fund - Council Tax

Debts greater than 6 years old – 100% of total arrears.

Debts up to 6 years old – 1% of total due.

Collection Fund – NNDR

Debts greater than 6 years old – 100% of total arrears.

Debts up to 6 years old – based on average actual write off levels against net debit, excluding the most recent 3 years.

Insurance Fund Provision

The Council maintains an Insurance Fund to meet the excess amount of any insurance claims not covered by its external insurers and to self insure for a number of risks. The Fund consists of an Insurance Provision to cover known actual claims made and an Insurance Reserve which provides an additional contingency to meet further claims.

Other Provisions

The Council has a number of other miscellaneous provisions.

Provision for Back Pay Arising from Unequal Pay Claims

The Authority has made a provision for the costs of settling claims for the back pay arising from discriminatory payments incurred before the Authority implemented its equal pay strategy. However, statutory arrangements allow settlements to be financed from the General Fund in the year that payments actually take place, not when the provision is established. The provision is therefore balanced by an Equal Pay Back Pay Account created from amounts credited to the General Fund Balance in the year the provision was made or modified. The balance on the Equal Pay Back Pay Account will be debited back to the General Fund Balance in the Movement in Reserves Statement in future financial years as payments are made.

Landfill Allowance Trading Scheme (LATS)

Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Authority (WDA) are recognised as current assets and are initially measured at fair value. Landfill allowances allocated by DEFRA are accounted for as a Government grant.

After initial recognition, allowances are measured at the lower of cost and net realisable value.

As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or by a

combination). The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

The Landfill Allowance Trading Scheme will run for 15 consecutive trading periods from 1 April 2005 to 31st March 2020. Each Waste Disposal Authority is allocated an annual capped limit for landfill usage by the Department for the Environment, Food and Rural Affairs (DEFRA). The council can buy, sell or carry forward landfill allowance depending on usage requirements above or below the annual capped allowance limit from or to another Waste Disposal Authority.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.25 Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus of Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement on the Reserve Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

1.26 Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

1.27 Revenue Recognition

The revenue recognition policy covers the sale of goods (produced by the Authority for the purpose of sale or purchased for resale), the rendering of services (excluding services directly related to construction contracts,), interest, royalties and dividends, non-exchange transactions (i.e. council tax) and where previously a liability had been recognised (i.e. creditor) on satisfying the revenue recognition criteria.

Revenue is recognised and measured at the fair value of the consideration receivable. However, if payment is on deferred terms, the consideration receivable is recognised initially at the cash price equivalent. The difference between this amount and the total payments received is recognised as interest revenue in the Surplus or Deficit on provision of services. Short duration receivables with no stated interest rate are measured at original invoice amount where the effect of discounting is immaterial. There is no difference between the delivery and payment dates for non-contractual, non-exchange transactions i.e. revenue relating to council tax and general rates, and therefore these transactions are measured at their full amount receivable.

1.28 Trade and Other Payables

Trade and other payables are not recognised when the Authority becomes committed to purchase the goods or services have been delivered or rendered. With the exception of financial instruments, they are recognised and measured in accordance with the revenue recognition policy.

1.29 Trade and Other Receivables

Trade and other receivables are not recognised when the Authority becomes committed to supply the goods or services but when the ordered goods or services have been delivered

or rendered. With the exception of financial instruments, they are recognised and measured in accordance with the revenue recognition policy.

1.30 Value Added Tax (VAT)

VAT Payable is included as an expense only to the extent that it is not recoverable from HER Majesty's Revenue and Customs. VAT receivable is excluded from income.

2 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2001/12 (the Code) has introduced a change in accounting policy in relation to the treatment of heritage assets held by the Authority, which will need to be adopted fully by the Authority in the 2011/12 financial statements.

The Authority is required to disclose information relating to the impact of the accounting change on the financial statements as a result of the adoption by the Authority, in this case, heritage assets. As is set out above, full adoption of the standard will be required for the 2011/12 financial statements. However, the Authority is required to make disclosure of the estimated effect of the new standard in these (2010/11) financial statements. The new standard will require that a new class of asset, heritage assets, is disclosed separately on the face of the Authority's Balance Sheet in the 2011/12 financial statements.

Heritage assets are assets that are held by the Authority principally for their contribution to knowledge or culture. The heritage assets held by the Authority are the collections of artefacts either exhibited or stored in the Local Authority museum, library and town hall. The three principal collections of heritage assets held include:

- Museum exhibits and works of art
- Civic regalia
- Archival material

These assets are not currently included within the fixed asset value in the Balance Sheet. The Code will require that heritage assets are measured at valuation in the 2011/12 financial statements (including the 2010/11 comparative information). The 2011/12 Code will permit some relaxations in the valuation requirements of heritage assets and this will mean that the Authority is able to recognise more of its collections of heritage assets in the Balance Sheet. The Authority anticipates that it will be able to recognise its museum exhibits and works of art and civic regalia on the Balance Sheet using as its base the detailed insurance valuations (which are based on market values) held by the Authority in respect of these collections. The Authority is unlikely to be able to recognise its archival material in future financial statements as it is of the view that obtaining valuations for this collection would involve a disproportionate cost of obtaining the information in comparison to the benefits to the users of the Authority's financial statements – this exemption is permitted by the 2011/12 Code.

The Authority estimates that the value of the museum exhibits and works of art from its insurance records is £8.052 million at 1 April 2010. As these assets have not yet been recognised in the Balance Sheet this will require a corresponding increase on the Revaluation Reserve of £8.052 million, i.e. a revaluation gain.

The Authority estimates that the value of the civic regalia from its insurance records is £255,000 at 1 April 2010. As these assets have not yet been recognised in the Balance Sheet this will require a corresponding increase on the Revaluation Reserve of £255,000, i.e. a revaluation gain.

It is estimated therefore that the total value of heritage assets to be recognised in the Balance Sheet at 1 April 2010 (under the requirements of the 2011/12 Code) will be £8.307 million. This will result in a total revaluation gain recognised in the Revaluation Reserve of £8.307 million.

There is no depreciation charged on the heritage assets that are currently classified as community assets because it has been estimated that the assets have a useful life of such length that any depreciation charge on the asset will be negligible and can be ignored on the basis of materiality. The Authority considers that the heritage assets held by the Authority will have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation for the assets. There will therefore be no change to the depreciation charged in the financial statements in relation to the Authority's heritage assets.

3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for Local Government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision
- Minimum Revenue Provision is not charged against Golden Square. A long term debtor has been created for it with repayments charged against the debtor
- Golden Square Rent Dispute - it is probable that the rent paid to the Council will decrease over the coming years and a rent rebate will also be owed to the lessee
- Provisions for termination benefits are consistent with current communicated plans
- Provision for Bad Debts is based on average annual collection rates
- The group boundaries have been estimated using the criteria associated with the IFRS code of practice. The Council has used these criteria to estimate the companies that it considers are within the group boundaries.
- Investment properties have been estimated using the identifiable criteria under IFRS of being held for rental income or for capital appreciation. These properties have been assessed using these criteria, which is subject to interpretation.

- PFI arrangements have been considered to have an implied finance lease within the agreement
- The Council has estimated its short term provisions based on the knowledge from previous years.

4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different to the assumptions and estimates.

The items in the Authority's Balance Sheet at 31st March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual charge for buildings would increase.

Debt Impairment

At 31st March 2011 the Authority had a balance for trade debtors of £10.6m. A review of significant balances suggests that an impairment of doubtful debts of £463k was appropriate based on average actual collection rates.

At 31st March 2011 the Authority had a balance for housing benefit overpayment debtors of £2.7m. A review of significant balances suggests that an impairment of doubtful debts of £401k was appropriate based on average actual collection rates.

However, in the current climate it is not certain such an allowance would be sufficient. If collection rates were to deteriorate a doubling of the amount of the impairment of the doubtful debts would be required.

Pensions

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts used, the rate at which salaries are projected to

increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

During 2010/11 the Council's actuaries advised that the net pension liability had reduced by £179.340m as a result of the updating of the assumptions.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

5 Material Items of Income and Expense

The Council's Comprehensive Income and Expenditure Statement includes the following material items of expenditure:

- £4,845,331 of termination of staff contracts costs
- £3,907,000 of Housing Stock Transfer costs, and
- £987,860 of abortive Building Schools for the Future costs

6 Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance on 30th June 2011. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The Authority did not have any events after the balance sheet date which provided information about conditions existing at 31st March 2011, therefore there are no post balance sheet events to report.

7 Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2010/11	Usable Reserves					Movement in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve	Capital Grants Unapplied £000	
Adjustments involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non current assets	(15,650)	(237,338)				252,988
Revaluation losses on Property Plant and Equipment	(9,880)	(76,959)				86,839
Capital grants and contributions	27,815					(27,815)
Capital Grants Receivable and Unapplied in year including capital grants unapplied carried forward which have been used for financing in this year.						-
Revenue expenditure funded from capital under statute	(9,593)					9,593
Carrying amount of non current assets sold						-
Loans/Lease principal repayments during the year	(26)					26
Transfer grants/conts on impaired spend						-
Grants relating to assets disposed of during						-
Transfer to Capital Adjustment Accounts - LSVT		60,512				(60,512)
Housing Revenue Account Transfers	(242)	242				-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Minimum Revenue Position For Capital Funding	336					(336)
Capital expenditure charged against the General Fund and HRA balances						-
Adjustments involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure						-
Proceeds From Sale of Non Current Assets	(4,558)		4,558			-
Contribution from the Capital Receipts Reserve towards the administrative costs of non current asset disposals						-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(532)		532			-
Adjustment involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA		3,375		(3,375)		-
Use of the Major Repairs Reserve to finance new capital expenditure						-
Adjustments involving the Financial Instruments Adjustment Account:						
Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	777					(777)
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 47)	44,087					(44,087)
Employer's pensions contributions and direct payments to pensioners payable in the year						-
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	301					(301)
Adjustment involving the Unequal Pay Back Pay Adjustment Account:						
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	(197)					197
Adjustment involving the Accumulating Compensated Absences Adjustment Account:						
Adjustments in relation to Short-term compensated absences	5					(5)
Total Adjustments	32,643	(250,168)	5,090	(3,375)	-	215,810

2009/10	Usable Reserves					Movement in Unusable Reserves £000
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for Depreciation and impairment of non-current assets	(9,517)	(5,107)				14,624
Revaluation losses on Property, Plant and Equipment	0					0
Movements in the market value of Investment Properties	1,618					(1,618)
Amortisation of intangible assets	(5)					5
Capital grants and contributions applied	42,321	0			(7,846)	(34,475)
Movement in the Donated Assets Account	0					0
Revenue expenditure funded from capital under statute	(7,364)	(570)				7,934
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(518)	(631)				1,149
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Statutory provision for the financing of capital investment	0	0				0
Capital expenditure charged against the General Fund and HRA balances	0	0				0
Adjustment primarily involving the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement						
Application of grants to capital financing transferred to the Capital Adjustment Account						
Adjustments primarily involving the Capital Receipts Reserve						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	838	681	(1,519)			
Use of Capital Receipts Reserve to finance new capital expenditure			1,003			(1,003)
Contribution from the Capital Receipts Reserve towards administration costs of non-current asset disposals	0	0	0			
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	0	(435)	435			
Transfer from deferred capital receipts reserve upon receipt of cash			50			(50)
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales)						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0					0
Adjustment primarily involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA		5,107		(5,107)		
Use of Major Repairs Reserve to finance new capital expenditure				5,846		(5,846)
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(87)					87
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 47)	(20,607)	0				20,607
Employers pensions contributions and direct payments to pensioners payable in the year	17,270	0				(17,270)
Adjustments primarily involving the Collection Fund Adjustment Account						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	243					(243)
Adjustments primarily involving the Unequal Pay Back Pay Adjustment Account:						
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement is different from cost settlements chargeable in the year in accordance with statutory requirements	0	0				0
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,793)	0				1,793
Total Adjustments	22,399	(955)	(31)	739	(7,846)	(14,306)

8 Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2010/11.

	Balance at 1 April 2009 £000	Transfers out 2009/10 £000	Transfers in 2009/10 £000	Balance at 31 March 2010 £000	Transfers out 2010/11 £000	Transfers in 2010/11 £000	Balance at 31 March 2011 £000	Purpose of Reserve
General Fund:								
Balances held by schools under a scheme of delegation	3,491	(3,491)	1,157	1,157	(1,157)	1,954	1,954	Reserves held by Schools
LMS Reserve - School Loans Scheme	(112)	(75)	35	(152)		40	(112)	
Teachers Pension Reserve	0	(121)		(121)			(121)	
Voluntary Controlled Equal Pay Reserve	(162)		162	0			0	
Alexandra Park Trust	1			1			1	These reserves are held on the Council's Balance Sheet, but are held on behalf of other parties and are not available to the Council.
Anderman Bennet Trust	20			20			20	
Mayor's Charity	10		1	11	(8)		3	
Arpley Street	40			40		1	41	
Colonel Edleston	34		17	51			51	
Anson & Blenheim PFI Reserve	154	0	18	172	(63)		109	Ring fence of PFI credits to mitigate any future liabilities
Bewsey Rec. Improvement	18	(18)	0	0			0	Statutory account to ring fence surpluses/ deficits produced over three year cycle for fee setting purposes
BNFL Westy Park	6	(6)	0	0			0	
Building Regulations Reserve	63	(63)	0	0			0	To cover the refurbishment of Hood Manor and Callands Shopping Centres
Callands & Hood Manor	0			0		28	28	To fund future capital programme
Capital Reserve	1,173	0	0	1,173	(285)		888	
Cemeteries & Crematorium Reserve	292	(221)	0	71			71	To fund improvements relating to the crematorium and revised European Union emissions standards
Children's Comfort Funds Reserve	0	0	7	7			7	This reserve is for monies held on behalf of children in care and <u>not available</u> to the Council
Children's Grants Account	4	(4)	0	0			0	To fund any one off costs of future judicial reviews
Coroners Judicial Review	20	(10)	0	10			10	
Corporate Initiatives Reserve	67	(67)	0	0			0	To provide for any criminal injury claims from children in care
CRA Grounds Maintenance	70	(70)	0	0			0	
Criminal Injuries Compensation Reserve	0	0	12	12			12	To fund the purchase of refuse vehicles
DEFRA Waste Grant Reserve	247		100	347			347	To provide temporary cover in relation to financial services restructure
Depot Improvement Reserve	70	(70)	0	0			0	
Environment Services	57	(57)	0	0			0	
Development fund							0	
Financial Division Restructure Reserve	0	0	100	100	(100)		0	To fund Neighbourhood & Community Services expenditure including services relating to Motor Neurone Disease (MND) services
Gateworth Landfill	143	(143)	0	0			0	
Grants Account	198	(127)	0	71			71	To fund proposals 'to close the gap' on homelessness
Hilden Town Twinning	3	(3)	0	0			0	
Homelessness Reserve	0	0	53	53		54	107	To fund maintenance and capital works on Council's industrial units and commercial properties
Housing & Planning Delivery Grant Reserve	623	(623)	0	0			0	
Housing Benefits Subsidy Reserve	100	(100)	0	0			0	To meet the excess on any insurance claims taken out with third party organisations and self insure certain areas of risk
Industrial Estates & Other Commercial Properties Reserve	0	0	33	33	(33)		0	
Insurance Fund Reserve	1,892	0	286	2,178		21	2,199	
Job Evaluation Service	1,506	(1,506)	0	0			0	
Joint PCT Initiatives Reserve	115	(115)	0	0			0	

	Balance at 1 April 2009 £000	Transfers out 2009/10 £000	Transfers in 2009/10 £000	Balance at 31 March 2010 £000	Transfers out 2010/11 £000	Transfers in 2010/11 £000	Balance at 31 March 2011 £000	Purpose of Reserve
Lease Termination Reserve - Dilapidation	541	(9)	0	532	(286)		246	To fund future termination of lease agreements
Local Land Charges Reserve	0	0	15	15		65	80	Statutory account to ring fence surpluses/ deficits produced over three year cycle for fee setting purposes
Look of the Borough Reserve M & S Sankey Valley	0	0	35	35		47	82	To fund 'Look of the Borough' initiative
Members Voluntary Initiative	8	0	0	8			8	To fund 'International Partnerships' initiative
Misc. SS Reserve	168	(168)	0	0			0	
Mortgages	40	(40)		0			0	
MTFP Reserve	0	0	5,974	5,974	(4,655)	2,679	3,998	To fund future reductions in government grant levels and mitigate impact to service provision
Museum Arts	131	(26)	0	105			105	To fund future museum exhibitions or art acquisitions
NTH Refurbishment Reserve	986	(986)	0	0			0	
Ollerton Development (Pre Unitary) Sect 52	3	(3)	0	0			0	
Paddington Meadows	18	0	14	32		16	48	To fund future environmental improvement works
Plan Inspector Fees	50	(50)	0	0			0	
Planning Appeals	26	(26)	0	0			0	
Priority Investment Reserve	1,107	(1,107)	0	0			0	
Proceeds of Crime Monies (Joint HBC)	1	(1)	0	0			0	
Quick Hits Fund	11	(11)	0	0			0	
Rape Crisis Centre	0		0	0		28	28	To aid rape crisis centre.
Repairs & Renewals Fund	22	(22)	0	0			0	
Revenue Grants Unapplied	2,071		1,178	3,249	(3,249)	2,277	2,277	Revenue Grants carried forward for earmarked schemes
Second Home Discount Funding	0	0	35	35	(15)		20	To fund extra PCSO's as part of Community Safety priorities
PCSO's Reserve								Ring fence of Section 74 fees for use on transportation
Section 74 Fees (Bus Station)	24	0	26	50			50	To fund serious case reviews conducted by the Local Safeguarding Board
Serious Case Review Reserve	0	0	19	19			19	To fund 'Safer Neighbourhoods' initiative
Stronger Together Grant Reserve	168	(121)	0	47	(47)		0	To cover emergency events such as unforeseen financial liabilities or natural disasters
Strategic Reserve	4,760			4,760			4,760	
Supporting People	2,117	(73)	0	2,044	(1,361)		683	To fund future grant reductions on welfare services
	44	(44)	0	0		20	20	The taxi account is a ringfenced account with any surpluses or losses being earmarked for use in respect of this service
Taxi Surplus								To fund the regeneration of area surrounding Time Square in accordance with the 'Bridge Street Quarter' master plan
Time Square Reserve	0	0	488	488		238	726	To fund town centre security initiatives
Town Centre Security	2	0	0	2			2	To offset any future overspending relating to the town centre
Town Centre Sinking Fund	390	0	0	390			390	Monies set aside to increase participation in union training services
Union Learner Reps	0			0		20	20	
Under Age Alcohol Reserve	0	0	39	39			39	To fund 'Under Age Alcohol' initiative
Unitary Development Reserve	0	0	15	15			15	To part fund costs borne by the creation of the new Unitary Development Plan
Walton Hall Reserve	50		0	50			50	To fund the refurbishment of Walton Hall
Winwick Road	0			0		30	30	To contribute towards the costs of demolition of 30 and 36/8 Winwick Street
Youth Offending Team Reserve	0	0	184	184		204	388	A joint fund between Warrington and Halton Council's for the provision of Youth Offending services
TOTAL	22,891	(9,587)	10,003	23,307	(11,259)	7,722	19,770	
HRA:								
Strategic Reserve	750	0	0	750			750	
Earmarked Reserve	92	0	0	92			92	
TOTAL	842	0	0	842	0	0	842	
TOTAL EARMARKED RESERVES	23,733	(9,587)	10,003	24,149	(11,259)	7,722	20,612	

9 Other Operating Expenditure

2009/10 £000	2010/11 £000
1,461 Parish council precepts	1,510
435 Payments to the Government Housing Capital Receipts Pool	532
(986) Gains/losses on the disposal of non current assets	4,112
- Levies	-
- Other	-
910	6,154

10 Financing and Investment Income and Expenditure

2009/10 £000	2010/11 £000
6,388 Interest payable and similar charges	5,683
9,468 Pensions interest cost and expected return on pensions assets	6,793
(3,889) Interest receivable and similar income	(2,893)
Income and expenditure in relation to investment properties and (570) changes in their fair value	(2,829)
1,960 Other investment income	1,691
13,357 Total	8,445

11 Taxation and Non Specific Grant Incomes

2009/10 £000	2010/11 £000
(78,425) Council Tax Income	(80,981)
(43,274) NNDR Redistribution	(47,188)
(18,992) Non-ringfenced government grants	(21,032)
(40,690) Capital Grants	(23,198)
(181,381) Total Taxation and Non-Specific Grant Income	(172,399)

12 Property, Plant and Equipment

Movements on Balances

Movements in 2010/11:

	Council Dwellings £000	Land £000	Buildings £000	Infrastructure Assets £000	Vehicles, Plant & Equipment £000	Community Assets £000	PP&E Under Construction £000	Surplus Assets £000	Total PP&E £000	PFI Assets Included in PP&E £000
Cost or Valuation										
Balance as at 1 April 2010	323,377	95,958	191,866	106,836	7,501	8,009	26,860	-	760,407	9,688
Adjustments between cost/value & depreciation/impairment									-	
Adjusted opening balance	323,377	95,958	191,866	106,836	7,501	8,009	26,860	-	760,407	9,688
Additions (Note 40)	2,512	2,585	13,997	7,785	4,176	2,126	14,353		47,534	
Donations									-	
Revaluation increases/decreases to Revaluation Reserve	2,966	7,926	885		637				12,414	8,445
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services									-	
Derecognition - Disposals		(145)	(6,494)		(24)				(6,663)	(2,459)
Derecognition - Other									-	
Reclassifications & Transfers	(235,395)	77	13,528		9,209		(22,594)	-	(235,175)	
Reclassified to Held for Sale									-	
Reclassified from Held for Sale									-	
Balance as at 31 March 2011	93,460	106,401	213,782	114,621	21,499	10,135	18,619	-	578,517	15,674
Depreciation and Impairment										
Balance as at 1 April 2010	5,107	-	7,480	2,505	954	-	-	-	16,046	266
Adjustments between cost/value & depreciation/impairment									-	
Adjusted opening balance	5,107	-	7,480	2,505	954	-	-	-	16,046	266
Depreciation Charge	1,123		4,884	2,676	748			5	9,436	49
Depreciation written out on Revaluation Reserve	(5,107)		(1,068)						(6,175)	(266)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services									-	
Impairment losses/reversals to Revaluation Reserve	6,734	364	(11)						7,087	
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	76,197	2,726	10,510	-	-			-	89,433	-
Derecognition - Disposals		(25)	(1,039)		(9)				(1,073)	
Derecognition - Other									-	
Reclassifications & Transfers			(309)		309			(5)	(5)	
Eliminated on reclassification to Held for Sale									-	
Balance as at 31 March 2011	84,054	3,065	20,447	5,181	2,002	-	-	-	114,749	49
Net Book Value										
Balance as at 31 March 2011	9,406	103,336	193,335	109,440	19,497	10,135	18,619	-	463,768	15,625
Balance as at 31 March 2010	318,270	95,958	184,386	104,331	6,547	8,009	26,860	-	744,361	9,422

Comparative Movements in 2009/10:

	Council Dwellings £000	Land £000	Buildings £000	Infrastructure Assets £000	Vehicles, Plant & Equipment £000	Community Assets £000	PP&E Under Construction £000	Surplus Assets £000	Total PP&E £000	PFI Assets Included in PP&E £000
Cost or Valuation										
Balance as at 1 April 2009	312,146	95,830	168,060	100,204	5,219	4,669	7,188	3,999	697,315	9,688
Adjustments between cost/value & depreciation/impairment			15,229					(3,999)	11,230	
Adjusted opening balance	312,146	95,830	183,289	100,204	5,219	4,669	7,188	-	708,545	9,688
Additions (Note 40)	5,455		8,422	6,632	2,282	3,340	19,672		45,803	
Donations									-	
Revaluation increases/decreases to Revaluation Reserve	6,251	870	155					42	7,318	
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services		(586)						(227)	(813)	
Derecognition - Disposals	(475)	(156)						185	(446)	
Derecognition - Other									-	
Reclassifications & Transfers									-	
Reclassified to Held for Sale									-	
Reclassified from Held for Sale									-	
Balance as at 31 March 2010	323,377	95,958	191,866	106,836	7,501	8,009	26,860	-	760,407	9,688
Depreciation and Impairment										
Balance as at 1 April 2009			2,022		541			34	2,597	133
Adjustments between cost/value & depreciation/impairment								(34)	(34)	
Adjusted opening balance	-	-	2,022	-	541	-	-	-	2,563	133
Depreciation Charge	5,107		5,502	2,505	413			66	13,593	133
Depreciation written out on Revaluation Reserve			(56)					(22)	(78)	
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services									-	
Impairment losses/reversals to Revaluation Reserve									-	
Impairment losses/reversals to Surplus or Deficit on the Provision of Services			12					8	20	
Derecognition - Disposals								(52)	(52)	
Derecognition - Other									-	
Reclassifications & Transfers									-	
Eliminated on reclassification to Held for Sale									-	
Balance as at 31 March 2010	5,107	-	7,480	2,505	954	-	-	-	16,046	266
Net Book Value										
Balance as at 31 March 2010	318,270	95,958	184,386	104,331	6,547	8,009	26,860	-	744,361	9,422
Balance as at 31 March 2009	312,146	95,830	181,267	100,204	4,678	4,669	7,188	-	705,982	9,555

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings: equivalent to the Major Repairs Allowance (MRA)
- Other Buildings: depreciated using the straight line allocation over the life of the property as estimated by the valuer
- Freehold Land: not depreciated
- Vehicles, Plant, Furniture & Equipment: depreciated over a period between 3 and 10 year straight line
- Infrastructure: depreciated straight line over the life of the asset

Capital Commitments

At 31st March 2011, the Authority had entered into a contract for the construction of the Orford Park Sports Village with future years budgeted to cost £13.2m over the next 2 years. Similar commitments at 31st March 2010 were £7.1m relating to Culceth High School – Building Schools for the Future single school pathfinder contract.

Effects of Changes in Estimates

In 2010/11, the Authority did not make any material changes to its accounting estimates for Property, Plant and Equipment:

Revaluations

The Authority carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second – hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the fair values of the PPE property assets were for those assets valued on the Depreciated Replacement Cost method whereby they were valued by adopting the "instant build" approach as set in the Government Financial Reporting Manual.

The Authority carries out a revaluation of property assets classed as Investment assets every year.

The Authority carries out a rolling programme that ensures that property assets classified as Property, Plant and Equipment requiring to be measured at fair value is valued at least every 3 years. All valuations are carried out internally. The valuations are carried in accordance with the methodologies and bases set out in the Valuation Standards of the Royal Institution of Chartered Surveyors.

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Surplus Assets £000	Investment Properties £000	Total £000
Carried at historical cost	-	-	19,497	-	-	19,497
Valued at fair value as at:						
31 March 2011	(308,864)	31,156	-	(3,246)	(6,545)	(280,954)
31 March 2010	11,876	10,789	-	3,246	(26,898)	(987)
31 March 2009	306,394	253,172	-	-	69,840	629,406
31 March 2008	-	1,552	-	-	75	1,627
31 March 2007	-	-	-	-	-	-
Total Cost or Valuation	9,406	296,669	19,497	-	36,472	368,589

13 Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement:

	31/03/11 £000	31/03/10 £000
Income/Expenditure from Investment Properties:		
Rental income from investment property	-	-
Direct operating expenses arising from investment property	(2,829)	(570)
'Net Gain/Loss included in Financing & Investment Income in the CIES'	(2,829)	(570)

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or an Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	31/03/2011 £000	31/03/2010 £000
Balance at start of the year	45,729	44,499
Additions:		
Purchases	-	417
Construction	-	-
Subsequent expenditure	-	-
Disposals	(690)	(36)
Net gains/losses from fair value adjustments	(8,566)	849
Transfers:		
- to/from Inventories	-	-
-to/from Property, Plant and Equipment	-	-
Other changes	-	-
Balance at end of the year	36,473	45,729

14 Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licences and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority are 5 years straight line.

The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £715k charged to revenue in 2010/11 was charged to the IT Administration cost centre and then absorbed as overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

	2010/11			2009/10		
	Internally Generated Assets £000	Other Assets £000	Total £000	Internally Generated Assets £000	Other Assets £000	Total £000
Balance at start of year:						
· Gross carrying amounts	-	3,575	3,575	-	24	24
· Accumulated amortisation	-	(15)	(15)	-	(10)	(10)
Net carrying amount at start of year	-	3,560	3,560	-	14	14
Additions:						
· Internal development	-	-	-	-	-	-
· Purchases	-	36	36	-	3,551	3,551
· Acquired through business combinations	-	-	-	-	-	-
	-	3,596	3,596	-	3,565	3,565
Assets reclassified as held for sale	-	-	-	-	-	-
Other disposals	-	-	-	-	-	-
Revaluation increases/decreases to Revaluation Reserve	-	-	-	-	-	-
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-
Impairment losses recognised or reversed directly in the Revaluation Reserve	-	-	-	-	-	-
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-
Reversals of past impairment losses written back to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-
Amortisation for the period	-	(715)	(715)	-	(5)	(5)
Other changes	-	-	-	-	-	-
Net carrying amount at end of year	-	2,881	2,881	-	3,560	3,560
Comprising:						
· Gross carrying amounts	-	3,611	3,611	-	3,575	3,575
· Accumulated amortisation	-	(730)	(730)	-	(15)	(15)
	-	2,881	2,881	-	3,560	3,560

There is one item of capitalised software that are individually material to the financial statements:

	Carrying Amount		Remaining Amortisation Period
	31/03/2011 £000	31/03/10 £000	
Financial Information Management System	3,551	2,840	4 Years

The Council purchased IT software licences totalling £36k during the year.

The Council does not revalue its software assets.

15 Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long-term			Short-term		
	31/03/2011 £000	31/03/2010 £000	01/04/2009 £000	31/03/2011 £000	31/03/2010 £000	01/04/2009 £000
Investments						
Loans and receivables	969	-	-	27,883	12,425	27,567
Available-for-sale financial assets	-	-	-	-	-	-
Unquoted equity investment at cost	-	-	-	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-	-	-
Total investments	969	-	-	27,883	12,425	27,567
Debtors						
Loans and receivables	33,917	33,456	32,168	-	-	-
Financial assets carried at contract amounts	-	-	-	15,672	15,589	14,198
Total debtors	33,917	33,456	32,168	15,672	15,589	14,198
Borrowings						
Financial liabilities at amortised cost	112,636	148,507	130,655	1,980	1,000	378
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-
Total borrowings	112,636	148,507	130,655	1,980	1,000	378
Other Long Term Liabilities						
PFI and finance lease liabilities	9,938	9,534	9,912	272	145	138
Total other long term liabilities	122,574	158,041	140,567	2,252	1,145	516
Creditors						
Financial liabilities at amortised cost	-	-	-	-	-	-
Financial liabilities carried at contract amount	179	-	-	18,085	18,720	18,006
Total creditors	179	-	-	18,085	18,720	18,006

	Long-term			Short-term		
	31/03/2011 £000	31/03/2010 £000	01/04/2009 £000	31/03/2011 £000	31/03/2010 £000	01/04/2009 £000
Investments						
Loans and receivables	969	-	-	27,883	12,425	27,567
Available-for-sale financial assets	-	-	-	-	-	-
Unquoted equity investment at cost	-	-	-	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-	-	-
Total investments	969	-	-	27,883	12,425	27,567
Debtors						
Loans and receivables	33,917	33,456	32,168	-	-	-
Financial assets carried at contract amounts	-	-	-	15,672	15,589	14,198
Total debtors	33,917	33,456	32,168	15,672	15,589	14,198
Borrowings						
Financial liabilities at amortised cost	112,636	148,507	130,655	1,980	1,000	378
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-
Total borrowings	112,636	148,507	130,655	1,980	1,000	378
Other Long Term Liabilities						
PFI and finance lease liabilities	9,938	9,534	9,912	272	145	138
Total other long term liabilities	122,574	158,041	140,567	2,252	1,145	516
Creditors						
Financial liabilities at amortised cost	-	-	-	-	-	-
Financial liabilities carried at contract amount	179	-	-	18,085	18,743	18,006
Total creditors	179	-	-	18,085	18,743	18,006

Reclassifications

In 2010/11 the Authority has not made any reclassifications.

Income, Expense, Gains and Losses

	Liabilities measured at amortised cost £000	Loans and receivables £000	Available-for- sale assets £000	Assets and Liabilities at Fair Value through Profit and Loss £000	2010/11 Total £000	Liabilities measured at amortised cost £000	Loans and receivables £000	Available- for-sale assets £000	Assets and Liabilities at Fair Value through Profit and Loss £000	2009/10 Total £000
Interest expense	(4,382)	-	-	-	(4,382)	(6,377)	-	-	-	(6,377)
Losses on derecognition	-	-	-	-	-	-	-	-	-	-
Reductions in fair value	-	-	-	-	-	-	-	-	-	-
Impairment losses	-	(864)	-	-	(864)	-	(3,241)	-	-	(3,241)
Fee expense	(13)	-	-	-	(13)	-	-	-	-	-
Total expense in Surplus or Deficit on the Provision of Services	(4,395)	(864)	-	-	(5,259)	(6,377)	(3,241)	-	-	(9,618)
Interest income	-	2,893	-	-	2,893	-	2,348	-	-	2,348
Interest income accrued on impaired financial assets	-	-	-	-	-	-	-	-	-	-
Increases in fair value	-	-	-	-	-	-	-	-	-	-
Gains on derecognition	-	-	-	-	-	-	-	-	-	-
Fee income	-	-	-	-	-	-	-	-	-	-
Total income in Surplus or Deficit on the Provision of Services	-	2,893	-	-	2,893	-	2,348	-	-	2,348
Gains on revaluation	-	-	-	-	-	-	-	-	-	-
Losses on revaluation	-	-	-	-	-	-	-	-	-	-
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	-	-	-	-	-	-	-	-	-	-
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-
Net gain/(loss) for the year: Income & Expenditure Account	(4,395)	2,029	-	-	(2,366)	(6,377)	(893)	-	-	(7,270)
Below the line adjustments of write off of premiums and discounts in 2010/11	810	-	-	-	810	-	-	-	-	-
Net gain/(loss) for the year: General Fund	(3,585)	2,029	-	-	(1,556)	(6,377)	(893)	-	-	(7,270)

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- estimated ranges of rates at 31st March 2011 of 0.62% to 11.125% for loans from the PWLB and 3.81% and 5.8% for other loans receivable and payable, based on new lending rates for equivalent loans at that date
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	2010/11		2009/10	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial liabilities	114,616	121,791	149,507	160,304
Long-term creditors	-	-	-	-

The fair value of the liabilities is lower than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31st March 2011) arising from a commitment to pay interest to lender below current market rates.

	2010/11		2009/10	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Loans and receivables	28,852	27,831	12,425	12,425
Long-term debtors	33,917	33,917	33,456	33,456

The fair value of the assets is lower than the carrying amount because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31st March 2011) attributable to the commitment to receive interest below current market rates.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

16 Inventories

	2010/11 £000	2009/10 £000	2008/09 £000
WIP	-	8	8
Central Stores	-	-	-
Other	925	872	632
Reversals of write offs in previous years	-	-	-
Total	925	880	640

17 Construction Contracts

The Authority did not carry out any construction contracts for customers during the financial year.

18 Debtors

The Councils debtors are as follows:

	Long Term Debtors			Short Term Debtors		
	31/03/11 £000	31/03/10 £000	31/03/09 £000	31/03/11 £000	31/03/10 £000	31/03/09 £000
Government Departments	-	-	-	2,615	274	3,118
NNDR & Council Tax	-	-	-	14,494	17,745	7,575
Other Local Authorities	-	-	-	157	1,426	-
Rents	-	-	-	509	5,950	3,354
Public corporations and trading funds	-	-	-	439	1,085	-
Bodies external to general government	-	-	-	177	76	-
Employee car loans	32	23	-	49	10	-
Grants	-	-	-	11,950	5,536	767
Value Added Tax	-	-	-	1,164	6,000	-
Loans and advances	7	7	-	80	147	-
Prepayments	-	-	-	2,993	2,733	2,934
Finance lease debtors-Note 41)	32,118	32,144	32,168	212	49	-
Trade debtors	-	-	-	13,371	9,406	-
Other	1,761	1,438	1,527	4,336	3,843	18,650
Impairment of loans and receivables	-	-	-	(5,997)	(8,864)	(8,854)
Total	33,917	33,613	33,695	46,549	45,416	27,544

19 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31/03/11 £000	31/03/10 £000	31/03/09 £000
Cash and Bank balances	9,358	4,250	1,962
Short Term Investments	-	-	-
Short Term Deposits	21,845	18,703	17,106
Bank Overdraft	-	-	-
Total	31,203	22,953	19,068

	31/03/11 £000	31/03/10 £000	31/03/09 £000
Bank Overdraft	(8,366)	(10,528)	(4,923)

Net Position	22,837	12,425	14,145
---------------------	---------------	---------------	---------------

20 Assets Held for Sale

	Current		Non Current	
	31/03/11	31/03/10	31/03/11	31/03/10
	£000	£000	£000	£000
Balance outstanding at start of year	-	-	465	465
Assets newly classified as held for sale:				
Additions	-	-	-	-
Transfers from Other Non Current assets	-	-	235,533	-
Transferred from Non-Current Assets during year	-	-	-	-
Revaluation Gains losses taken to Surplus or deficit on the provision of services	-	-	-	-
Revaluation gains losses other	-	-	-	-
Impairment losses	-	-	-	-
Assets declassified as held for sale:	-	-	(235,396)	-
Assets sold Cost	-	-	(602)	-
Other Disposals	-	-	-	-
Transfers from non current to current	-	-	-	-
Balance outstanding at year-end	-	-	-	465

21 Creditors

The Council's creditors are as follows:

	31/03/11	31/03/10	31/03/09
	£000	£000	£000
Government Departments	7,702	3,422	1,217
Other Authorities	587	708	-
Public corporations and trading funds	1,429	2,184	-
Bodies external to general government	244	6	-
NNDR & Council Tax	1,183	1,145	2,165
HRA	-	56	-
Remuneration due to employees	1,947	6,267	-
Accumulated Absences	-	-	-
Receipts in advance	7,501	6,132	12,233
Trade creditors	7,201	5,411	-
Capital Contributions unapplied	11,741	8,576	-
Other	6,794	4,123	28,427
Total Short Term Creditors	46,329	38,030	44,042

	2010/11 £000	2009/10 £000	2008/09 £000
Other creditors falling due after more than one year			
Government Departments	14,289	8,005	9,114
Other Councils	-	-	-
HRA	-	-	-
Public corporations and trading funds	-	-	-
Bodies external to general	-	-	-
Other	5,476	5,162	5,328
Total Long Term Creditors	19,765	13,167	14,442
Total Creditors	66,094	51,197	58,484

22 Provisions

	At 1 April 2010 £000	Increase in provision during year £000	Utilised during year £000	Unused Amounts Reversed £000	Interest earned £000	Balance as at 31 March 2011 £000
Insurance Claims	1,105	446	21	-	-	1,530
Compensation Payments	-	-	-	-	-	-
Land Fill Closure	-	-	-	-	-	-
Property	193	1,242	34	-	-	1,400
VAT Refund	-	-	-	-	-	-
Other (staff related)	9,732	10,530	9,579	153	-	10,530
	11,030	12,217	9,634	153	-	13,460

Current Provisions	9,925	11,771	9,613	153	-	11,930
Long Term Provisions	1,105	446	21	-	-	1,530
	11,030	12,217	9,634	153	-	13,460

Comparative Year

	Balance as At 1 April 2009 £000	Increase in provision during year £000	Utilised during year £000	Unused Amounts Reversed £000	Interest earned £000	Balance as at 31 March 2010 £000
Insurance Claims	1,244	1,105	1,244	-	-	1,105
Compensation Payments	-	-	-	-	-	-
Land fill Closure	-	-	-	-	-	-
Property	-	193	-	-	-	193
VAT Refund	-	-	-	-	-	-
Other	9,293	9,106	8,604	63	-	9,732
	10,537	10,404	9,848	63	-	11,030

Current Provisions	9,293	9,299	8,604	63	-	9,925
Long Term Provisions	1,244	1,105	1,244	-	-	1,105
	10,537	10,404	9,848	63	-	11,030

23 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Notes 23 and 24.

	31/03/11 £000	31/03/10 £000
General Fund (see MiRS)	976	976
HRA (see MiRS)	2,306	2,422
Earmarked Reserves (see Note 8)		
- GF	19,770	23,307
- HRA	841	841
Capital Receipts Reserve	525	116
Major Repairs Reserve	2,101	1,709
Capital Grants Unapplied	13,341	11,859
Total Usable Reserves	39,860	41,230

Capital Receipts Reserve

There are cash receipts from the sale of Council assets, which have not yet been used to finance capital expenditure.

	31/03/11 £000	31/03/10 £000
Balance 1 April	116	85
Capital Receipts in year	3,238	1,505
	3,354	1,590
Less:		
Capital Receipts Pooled	(532)	(435)
Capital Receipts used for financing	(2,297)	(1,039)
Balance 31 March	525	116

Major Repairs Reserve

The Major Repairs Reserve details the Major Repairs Allowance (MRA) received by the Council. The MRA is based on national average unit costs for each of the property types and represents the estimated long-term average amount of capital spending required to maintain a Local Authority's stock in its current condition. The MRA received in the year totalled £3,375k all of which was used to finance capital spend in the Housing Investment Programme in 2010/11.

	31/03/11 £000	31/03/10 £000
Balance on 1 April	1,709	2,448
Amount transferred from the HRA	-	-
Depreciation:		
Dwellings	3,375	5,107
Other Assets	-	-
	3,375	5,107
HRA Capital Expenditure	-	-
Appropriations to HRA	(2,983)	(5,846)
	(2,983)	(5,846)
Balance on 31 March	2,101	1,709

Capital Grants Unapplied

	31/03/11 £000	31/03/10 £000
Balance on 1 April	11,859	4,013
Unapplied Capital Grants received in year	8,339	11,027
Unapplied Capital Grants transferred to CAA in year	(6,857)	(3,181)
Balance on 31 March	13,341	11,859

24 Unusable Reserves

	31/03/2011 £000	31/03/2010 £000
Capital Adjustment Account	308,827	571,886
Financial Instruments Adjustment Account	(28)	(805)
Revaluation Reserve	75,428	67,783
Available for Sale Financial Instruments Reserve	-	-
Pensions Reserve	(88,077)	(267,417)
Deferred Capital Receipts Reserve (England and Wales)	-	-
Collection Fund Adjustment Account	301	1
Unequal Pay Back Pay Account	(197)	-
Accumulating Compensated Absences Adjustment Account	(8,793)	(8,798)
Total Unusable Reserves	287,461	362,650

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost

- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	31/03/2011 £000	31/03/2010 £000
Balance at 1 April	67,783	61,776
Upward revaluation of assets	8,838	8,422
Downward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services		-
Surplus or deficit on revaluation of non-current assets not posted to the Surplus on the Provision of Services	76,621	70,198
Difference between fair value depreciation and historical cost depreciation	(1,193)	(2,415)
Balance at 31 March	75,428	67,783

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investment with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

The Council did not have an Available for Sale Financial Instruments Reserve as at 31st March 2011.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis.) The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account also contains accumulates gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Accounts also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	31/03/2011 £000	31/03/2010 £000
Balance at 1 April	571,886	550,675
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non current assets	(338,827)	(13,579)
Revaluation losses on Property, Plant and Equipment	-	-
Revenue expenditure funded from capital under statute	(9,593)	(7,934)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(6,881)	(1,177)
	(355,301)	(22,690)
Adjusting amounts written out of the Revaluation Reserve	1,193	1,516
Net written out amount of the cost of non current assets consumed in the year	(354,108)	(21,174)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	2,297	1,039
Use of the Major Repairs Reserve to finance new capital expenditure	-	5,846
Loans Lease principal repayments	60,512	(12)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	27,716	33,029
Application of grants to capital financing from the Capital Grants Unapplied Account	(2,305)	2,483
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	-	-
Capital expenditure charged against the General Fund and HRA balances	-	-
	88,220	42,385
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	2,829	-
Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	-	-
Balance at 31 March	308,827	571,886

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. Warrington Borough Council use the Account to manage amounts that are charged to the Comprehensive Income and Expenditure Account, but reversed out of the General Fund Balance to the Account in the Movement in reserves Statement. Over time the income or expense is posted back to the General Fund Balance in accordance with statutory arrangements. This account includes amounts relating to a discount on the early redemption of loans and interest adjustments relating to two step loans, and one soft loan.

	31/03/2011 £000	31/03/2010 £000
Balance at 1 April	(805)	(718)
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	752	-
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	-	-
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	25	(87)
Balance at 31 March	(28)	(805)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	31/03/2011 £000	31/03/2010 £000
Balance at 1 April	(267,417)	(117,758)
Actuarial gains or losses on pensions assets and liabilities	135,253	(146,322)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	44,087	(3,337)
Balance at 31 March	(88,077)	(267,417)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

The Council did not have a Deferred Capital Receipts Reserve as at 31st March 2011.

Collection Fund Adjustment Account

The collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amount to the General Fund from the Collection Fund.

	31/03/2011 £000	31/03/2010 £000
Balance at 1 April	1	(242)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	300	243
Balance at 31 March	301	1

Unequal Pay Back Account

The Unequal Pay Back Account compensates for the differences between the rate at which the Authority provides for the potential costs of back pay settlements in relation to Equal Pay cases and the ability to understand statutory provisions to defer the impact on the General Fund Balance until such time as cash might be paid out to claimants.

	31/03/2011 £000	31/03/2010 £000
Balance at 1 April	-	-
Increase in provision for back pay in relation to Equal Pay cases	(197)	-
Cash settlements paid in the year	-	-
Amount by which amounts charged for Equal Pay claims to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements		-
Balance at 31 March	(197)	-

Accumulated Absences Account

The Accumulates Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	31/03/2011 £000	31/03/2010 £000
Balance at 1 April	(8,798)	(7,005)
Settlement or cancellation of accrual made at the end of the preceding year	8,798	7,005
Amounts accrued at the end of the current year	(8,793)	(8,798)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		
Balance at 31 March	(8,793)	(8,798)

25 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

31/03/10 £000	31/03/11 £000
(4,271) Interest received	(2,868)
5,809 Interest paid	5,654
(40) Dividends received	-
1,498	2,786

26 Cash Flow Statement – Investing Activities

31/03/10 £000		31/03/11 £000
	Purchase of property, plant and equipment, 49,181 investment property and intangible assets	43,832
-	Purchase of short-term and long-term investments	16,000
-	Other payments for investing activities	-
	Proceeds from the sale of property, plant and equipment, investment property and intangible (1,723) assets	(3,238)
-	Proceeds from short-term and long-term investments	10,060
1,106	Other receipts from investing activities	(29,416)
48,564		37,238

27 Cash Flow Statement – Financing Activities

31/03/10 £000		31/03/11 £000
(31,642)	Cash receipts of short-term and long-term borrowing	(36,577)
-	Other receipts from financing activities	(2,970)
	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance 240 sheet PFI contracts	169
327	Repayments of short-term and long-term borrowing	71,141
-	Other payments for financing activities	-
(31,075)		31,763

28 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Authority's Executive Board on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)

- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to directorates.

The income and expenditure of the Authority's principal directorates recorded in the budget reports for the year is as follows:

2010/11	Assistant Chief Execs	Children & Young People	Corporate Financing	Environment & Regeneration	Neighbourhood & Community	People & Improvement	HRA	Net Expenditure
Income								
Fees, charges & Other Service Income	(3,228)	(173,997)	(1,021)	(19,071)	(41,702)	(2,603)	(16,772)	(258,394)
Government Grants	(66,614)	(12,393)	-	-	-	(263)	-	(79,270)
Interest and investment income	-	-	(1,048)	-	-	-	-	(1,048)
Internal Recharges	(9,247)	(139,022)	(1,334)	(31,231)	(3,370)	(6,924)	(167)	(191,295)
	(79,089)	(325,412)	(3,403)	(50,302)	(45,072)	(9,790)	(16,939)	(530,007)
Expenditure								
Employee expenses	11,364	145,594	4,526	28,166	31,963	6,732	-	228,345
Other Service Expenditure	67,488	65,669	3,899	30,197	70,599	2,897	14,435	255,184
Depreciation, amortisation and impairment	3	11,177	(21,571)	6,735	2,893	756	2	(5)
Interest Payable	-	-	5,247	-	-	-	-	5,247
Internal Recharges	8,138	147,423	307	20,345	11,087	1,494	2,501	191,295
	86,993	369,863	(7,592)	85,443	116,542	11,879	16,938	680,066
Net	7,904	44,451	(10,995)	35,141	71,470	2,089	-	150,059

2009/10	Assistant Chief Execs	Children & Young People	Corporate Financing	Environment & Regeneration	Neighbourhood & Community	People & Improvement	HRA	Net Expenditure
Income								
Fees, charges & Other Service Income	(3,829)	(155,584)	(22,239)	(19,452)	(46,752)	(1,445)	(30,082)	(279,383)
Government Grants	(62,768)	(11,724)	0	(886)	0	65.00	-	(75,443)
Interest and investment income	-	-	(2,006)	-	-	-	-	(2,006)
Internal Recharges	(12,086)	(8,737)	-	(26,569)	(24)	(5,601)	-	(53,017)
	(78,683)	(176,045)	(24,245)	(46,907)	(46,776)	(7,111)	(30,082)	(409,849)
Expenditure								
Employee expenses	14,075	120,139	(181)	24,901	32,944	5,098	-	196,976
Other Service Expenditure	65,605	74,367	14,494	27,851	68,625	1,210	29,265	281,417
Depreciation, amortisation and impairment	3	3,950	(7,879)	3,017	870	33	6	0
Interest Payable	-	-	3,923	-	-	-	-	3,923
Internal Recharges	9,236	15,192	60	21,905	4,762	1,045	817	53,017
	88,919	213,648	10,417	77,674	107,201	7,386	30,088	535,333
Net	10,236	37,603	(13,828)	30,767	60,425	275	6	125,484

Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

The reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2010/11 £000	2009/10 £000
Net expenditure in the Directorate Analysis	150,059	125,484
Net expenditure of services and support services not included in the Analysis	234,278	22,004
Amounts included in Directorate Analysis but not in Cost of Services	(5,890)	(3,877)
Cost of services in CI&E	378,447	143,611

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2010/11	Directorate Analysis	Amounts not reported to management for decision making	Amounts reported but not included in Cost of Services	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
Income							
Fees, charges & Other Service Income	(258,394)				(258,394)		(258,394)
Interest and investment income	(1,048)		1,048		-	(2,893)	(2,893)
Government Grants	(79,270)	(4,772)			(84,042)	(91,419)	(175,461)
Internal Recharges	(191,295)			189,871	(1,424)		(1,424)
Income from Council Tax					-	(80,981)	(80,981)
Transfer to Capital Adjustment Account - LSVT - Income		(63,836)			(63,836)		(63,836)
Trading Accounts Income			12,255		12,255	(12,255)	-
	(530,007)	(68,608)	13,303	189,871	(395,441)	(187,547)	(582,988)
Expenditure							
Employee expenses	228,345	(50,879)			177,466		177,466
Other Service Expenditure	255,184	7,574			262,758		262,758
Depreciation, amortisation and impairment	(5)	342,867			342,862		342,862
Interest Payable	5,247		(5,247)		-	5,683	5,683
Internal Recharges	191,295			(189,871)	1,424		1,424
Parish Precepts					-	1,510	1,510
Housing Capital Receipts Pool					-	532	532
Gain / Loss on disposal of Fixed Assets					-	4,112	4,112
Pension Interest Cost and return on assets					-	6,793	6,793
Income and Expenditure in relation to investment properties					-	(2,829)	(2,829)
Trading Accounts Expenditure			(13,946)		(13,946)	13,946	-
Transfer to Capital Adjustment Account - LSVT		3,324			3,324		3,324
	680,066	302,886	(19,193)	(189,871)	773,888	29,747	803,635
Net	150,059	234,278	(5,890)	-	378,447	(157,800)	220,647

2009/10	Directorate Analysis	Amounts not reported to management for decision making	Amounts reported but not included in Cost of Services	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
Income							
Fees, charges & Other Service Income	(279,382)	10,895			(268,486)		(268,486)
Interest and investment income	(2,006)	1,883	2,006		1,883	(4,459)	(2,576)
Government Grants	(75,443)	9,157			(66,286)	(102,956)	(169,242)
Internal Recharges	(53,017)			53,017	0	-	0
Income from Council Tax					-	(78,425)	(78,425)
Trading Accounts Income			12,292		12,292	(12,292)	-
	(409,848)	21,935	14,298	53,017	(320,598)	(198,132)	(518,729)
Expenditure							
Employee expenses	196,976	(9,069)			187,907		187,907
Other Service Expenditure	281,417	10,327			291,744		291,744
Depreciation, amortisation and impairment	(0)	(1,096)			(1,096)		(1,096)
Interest Payable	3,923	(96)	(3,923)		(96)	6,388	6,292
Internal Recharges	53,017			(53,017)	(0)	-	(0)
Parish Precepts					-	1,461	1,461
Housing Capital Receipts Pool					-	435	435
Gain / Loss on disposal of Fixed Assets					-	(986)	(986)
Pension Interest Cost and return on assets					-	9,468	9,468
Income and Expenditure in relation to investment properties		3			3	-	3
Trading Accounts Expenditure			(14,252)		(14,252)	14,252	-
	535,332	69	(18,175)	(53,017)	464,209	31,018	495,227
Net	125,484	22,004	(3,877)	0	143,611	(167,114)	(23,503)

29 Acquired and Discontinued Operations

During 2010/11 the Council did not acquire or discontinue any operations.

30 Trading Operations

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some are an integral part of one of the Authority's services to the public (e.g. refuse collection), whilst other are support services to the Authority's services to the public (e.g. schools catering). The expenditure of these operations is allocated or recharged to headings in the Net Operating Expenditure of Continuing Operations. Only a residual amount of the net surplus on trading operations is charged as Financing and Investment Income and Expenditure.

2009/10 £000			2010/11 £000	
Turnover	(2,927)		Turnover	(3,013)
Expenditure	658		Expenditure	654
(Surplus) / Deficit	(2,269)		(Surplus) / Deficit	(2,359)
Turnover	(1,334)	Retail Market	Turnover	(1,324)
Expenditure	1,460	The Council owns and operates Warrington Market. This includes the management, letting, cleaning, maintenance, security of over 200 market stalls and additional store rooms. We provide enterprise opportunities to the Market Traders and support to enable them to run their businesses.	Expenditure	1,300
(Surplus) / Deficit	126		(Surplus) / Deficit	(24)
Turnover	(892)	Car Parks	Turnover	(815)
Expenditure	1,007	This is the day to day management of the Warrington Borough Council parking contract which includes the operational activity of the council owned 'off street' car parks and the issuance of penalty charge notices both on and off street. The activity is not carried out on a commercial basis as under the traffic Management Act the service is expected to be cost neutral.	Expenditure	1,050
(Surplus) / Deficit	115		(Surplus) / Deficit	235
Turnover	(2,796)	Leisure & Wellbeing	Turnover	(3,108)
Expenditure	4,988	The purpose of the Leisure & Wellbeing service is to provide our communities with opportunities to develop healthier and more active lifestyles. They operate 7 facilities across the town including 4 partnership facilities. The service has a balanced approach, dealing with commercial activity at peak times and health inequalities across our communities at off peak times.	Expenditure	5,563
(Surplus) / Deficit	2,192		(Surplus) / Deficit	2,454
Turnover	(861)	Arts Centre & Pyramid	Turnover	(604)
Expenditure	1,550	Pyramid and Parr Hall are the town's key cultural and performance venues, offering varied programme of arts and cultural performances and also opportunities for local people to engage in activities and classes. The activities of Pyramid and Parr Hall are based on an agreed business plan which requires the delivery of a balanced budget which does not exceed the subsidy provided by the local authority and the venues operate commercially in order to make the most effective use of resources.	Expenditure	1,401
(Surplus) / Deficit	689		(Surplus) / Deficit	797
Turnover	(3,482)	School Meals	Turnover	(3,392)
Expenditure	3,274	The service provides school meals to school children at 70 primary, 2 special and 2 high schools and aims to deliver a quality value for money service which meets legislative standards. There is a commercially driven approach to the service and any deficit would need to be recharged to the Dedicated Schools Grant.	Expenditure	3,979
(Surplus) / Deficit	(208)		(Surplus) / Deficit	588
	1,315	Impairment Adjustment & Exceptional Costs		-
Total Turnover	(12,292)	(Surplus) / Deficit on Trading Accounts	Total Turnover	(12,255)
Total Expenditure	14,252	All the above Trading Accounts have been removed from Cost of Services and moved to Financing & Investment Income and Expenditure as detailed in Note 10.	Total Expenditure	13,946
(Surplus)/Deficit	1,960		(Surplus)/Deficit	1,691

31 Agency Services

The Authority has an agreement with Cheshire East Unitary Council, Cheshire West and Chester Unitary Council and Halton Borough Council, whereby Warrington Borough Council is the lead partner for the Coroner's service and recharges the cost of the service.

	2010/11 £000	2009/10 £000
Recharge to Cheshire West & Chester	444	423
Recharge to Cheshire East	488	476
Recharge to Halton	161	157
Cost of Service to Warrington Borough Council	294	295
Total Cost of Coroner's service	1,387	1,351

32 Road Charging Scheme Under The Transport Act 2000

The Council does not operate any road charging schemes under The Transport Act 2000.

33 Pooled Budgets

The Authority has entered into a pooled budget arrangement with NHS Warrington for the funding of the health and social care needs of the learning disability client group. The pooled budget is hosted by the Authority on behalf of the two partners to the agreement.

	2010/11 £000	2009/10 £000
Funding provided to the pooled budget:		
The Authority	13,847	13,986
The Trust	6,602	6,233
	20,449	20,219
Expenditure met from the pooled budget:		
The Authority	13,847	13,986
The Trust	6,602	6,233
	20,449	20,219
Net surplus arising on the pooled budget during the year	-	-
Authority share of:		
2010-2011 - 63.42%		
2009-2010 - 64.20%	-	-
of the net surplus arising on the pooled budget		

34 Members' Allowances

During the year Members allowances, including Employer's costs totalled £804,200 (2009/10 £813,603) and are as follows:

	2010/11 £000	2009/10 £000
Salaries	0	0
Basic allowance	450	451
Mayor's & Deputy Mayor's Allowance	30	24
Dependents' carers allowance	0	0
Employer costs	46	47
Mileage	4	7
Conferences and Courses	8	18
Travel Costs	4	5
Subsistence	0	2
Special responsibility allowances	196	198
Miscellaneous	48	42
Travel	19	19
Total Members' Allowances	804	814

35 Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows. The table below does not include the sum of £18,136 paid to the Chief Executive for Returning Officer duties.

		Salary, Fees and Allowances £	Bonuses £	Expenses Allowances £	Compensation for Loss of Office £	Pension Contribution £	Total £	Annual Salary at Start Date/ Leaving Date (If During 2010/11) £
Diana Terris (Chief Executive)	2010/11 2009/10	167,105 160,000	- -	1,239 1,000	- -	31,414 30,000	199,758 191,000	
Executive Director Neighbourhoods & Community Services	2010/11 2009/10	123,084 30,000	- -	1,239 -	- -	23,007 6,000	147,330 36,000	
Executive Director Environment & Regeneration	2010/11 2009/10	120,985 111,000	- -	489 1,000	- -	23,041 21,000	144,515 133,000	
Executive Director of Children and Young People's Services	2010/11 2009/10	115,012 65,000	- -	1,984 1,000	- -	21,588 12,000	138,585 78,000	
Assistant Chief Executive	2010/11 2009/10	110,729 51,000	- -	2,602 2,000	- -	21,082 10,000	134,413 63,000	
Director Of People & Improvement	2010/11 2009/10	103,983 93,000	- -	884 1,000	- -	19,794 18,000	124,660 112,000	
Assistant Director Universal Services	2010/11 2009/10	90,275 87,000	- -	1,378 2,000	- -	16,990 17,000	108,643 106,000	
Assistant Director Business Planning & Resources	2010/11 2009/10	89,349 85,000	- -	3,852 5,000	- -	17,015 16,000	110,216 106,000	
Chief Finance Officer	2010/11 2009/10	86,975 2,000	- -	1,270 -	- -	16,884 -	105,129 2,000	
Assistant Director Sustainable Transportation	2010/11 2009/10	86,512 82,000	- -	404 2,000	- -	16,524 16,000	103,440 100,000	
Solicitor To The Council	2010/11 2009/10	86,326 72,000	- -	1,239 1,000	- -	16,252 14,000	103,816 87,000	
Assistant Director Neighbourhood & Cultural Services	2010/11 2009/10	86,008 81,000	- -	1,239 1,000	- -	16,191 16,000	103,438 98,000	
Assistant Director Regeneration Development & Housing	2010/11 2009/10	84,628 78,000	- -	1,987 2,000	- -	16,721 15,000	103,336 95,000	
Assistant Head of People and Organisational Improvement	2010/11 2009/10	76,232 -	- -	1,005 -	- -	14,645 -	91,882 -	
Head of Strategic Communications	2010/11 2009/10	59,022 62,000	- -	1,239 1,000	- -	11,893 12,000	72,154 75,000	
Assistant Director Mental Health & Learning Disabilities	2010/11 2009/10	59,890 66,000	- -	- -	- -	12,326 13,000	72,216 79,000	
Assistant Director Older People & People with a Physical Disability	2010/11 2009/10	59,466 70,000	- -	- 1,000	- -	12,182 13,000	71,648 84,000	
Assistant Director HR Advisory Service (start date 02/08/2010)	2010/11 2009/10	46,910 -	- -	823 -	- -	9,121 -	56,854 -	54,605
Assistant Director Adult and Social Care (start date 03/08/2010)	2010/11 2009/10	54,605 -	- -	2,104 -	- -	- -	56,709 -	92,338

		Salary, Fees and Allowances £	Bonuses £	Expenses Allowances £	Compensation for Loss of Office £	Pension Contribution £	Total £	Annual Salary at Start Date/ Leaving Date (If During 2010/11) £
Assistant Director Targeted Services (start date 23/08/2010)	2010/11 2009/10	56,851 -	- -	753 -	- -	10,715 -	68,318 -	87,338
Assistant Director Integrated Adult Health & SCC (start date 04/10/2010)	2010/11 2009/10	41,711 -	- -	572 -	- -	7,965 -	50,248 -	71,925
Assistant Director Partnerships & Performance (start date 15/11/2010)	2010/11 2009/10	27,640 -	- -	468 -	- -	5,190 -	33,298 -	77,063
Former Assistant Director Community Support (leaving date 12/04/2010)	2010/11 2009/10	20,248 85,000	- -	516 1,000	84,049 -	889 16,000	105,703 102,000	87,338
Assistant Director Customer Contracts & Business Change (leaving date)	2010/11 2009/10	37,315 77,000	- -	703 1,000	- -	7,133 15,000	45,150 93,000	84,769
Former Assistant Director Environment & Public Protection Services (leaving date 30/11/2010)	2010/11 2009/10	82,551 87,000	- -	826 2,000	84,754 -	11,436 17,000	179,567 106,000	87,338
Former Assistant Director Mental Health & Learning Disabilities (leaving date 17/06/2009)	2010/11 2009/10	- 18,000	- -	- -	- 22,000	- 4,000	- 44,000	-
Former Assistant Director Property & Facilities (leaving date 07/08/2009)	2010/11 2009/10	- 26,000	- -	- 1,000	- 81,000	- 5,000	- 113,000	-
Former Assistant Director Safeguarding (leaving date 31/08/2009)	2010/11 2009/10	- 58,000	- -	- -	- -	- 7,000	- 65,000	-
Former Strategic Director of Corporate Services (leaving date 05/09/2009)	2010/11 2009/10	- 19,000	- -	- 2,000	- 116,000	- 4,000	- 141,000	-
Former Executive Director Children & Young People Services (leaving date 11/09/2009)	2010/11 2009/10	- 49,000	- -	- 1,000	- -	- 9,000	- 59,000	-
Former Assistant Director Neighbourhoods & Cultural Services (leaving date 07/12/2009)	2010/11 2009/10	- 52,000	- -	- -	- 82,000	- 10,000	- 144,000	-
Former Executive Director Neighbourhood & Community (leaving date 29/01/2010)	2010/11 2009/10	- 96,000	- -	- 2,000	- 126,000	- 18,000	- 242,000	-
Former Chief Finance Officer (agency contract worker - leaving date 26/03/2010)	2010/11 2009/10	- 202,000	- -	- -	- -	- -	- 202,000	-
Former Assistant Director Partnerships & Performance (leaving date 30/03/2010)	2010/11 2009/10	- 39,000	- -	- 1,000	- 79,000	- 13,000	- 132,000	-

The Authority's other employees receiving more than £50,000 remuneration for the year, including teachers (excluding employer's pension contributions) were paid the following amounts:

2009/10 No. Of Employees	2009/10 No. Of Agency Staff	Bandings	2010/11 No. Of Employees	2010/11 No. Of Agency Staff
80	4	£50,001 to £55,000	70	8
55	3	£55,001 to £60,000	62	8
26	3	£60,001 to £65,000	43	1
19	2	£65,001 to £70,000	16	1
9	2	£70,001 to £75,000	8	1
5	0	£75,001 to £80,000	7	2
5	0	£80,001 to £85,000	5	0
6	0	£85,001 to £90,000	7	1
5	0	£90,001 to £95,000	5	1
0	0	£95,001 to £100,000	1	1
1	0	£100,001 to £105,000	4	4
4	0	£105,001 to £110,000	0	0
2	1	£110,001 to £115,000	3	1
1	0	£115,001 to £120,000	2	0
0	0	£120,001 to £125,000	2	0
0	0	£125,001 to £130,000	0	0
1	0	£130,001 to £135,000	0	0
2	0	£135,001 to £140,000	0	1
0	0	£140,001 to £145,000	0	0
1	0	£145,001 to £150,000	0	0
1	2	£150,001 to £155,000	0	0
0	0	£155,001 to £160,000	0	0
0	0	£160,001 to £165,000	0	0
0	0	£165,001 to £170,000	2	0
0	0	£170,001 to £175,000	0	0
0	0	£175,001 to £180,000	0	0
0	1	£180,001 to £185,000	0	0
0	0	£185,001 to £190,000	0	0
0	0	£190,001 to £195,000	0	0
0	0	£195,001 to £200,000	0	0
0	0	£200,001 to £205,000	0	0
0	0	£205,001 to £210,000	0	0
0	0	£210,001 to £215,000	0	0
0	0	£215,001 to £220,000	0	0
1	0	£220,001 to £225,000	0	0
224	18		237	30

36 External Audit Costs

The Authority incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

	2010/11 £000	2009/10 £000
External Audit Fees	308	413
Grant Claim Certification Fees	71	71
Other Fees	-	-
	379	484

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above (2009/10 £NIL).

37 Dedicated Schools Grant

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2010/11	-	124,125	124,125
Brought forward from 2009/10	194	-	194
Carry forward to 2011/12 (agreed in advance)	-	-	-
Sub Total	-	-	124,319
Agreed budgeted distribution in 2010/11	10,660	113,659	124,319
Actual central expenditure	10,432	-	10,432
Actual ISB deployed to schools	-	113,659	113,659
Local Authority contribution for 2010/11	-	-	-
Carry forward to 2011/12 (agreed in advance)	228	-	228

38 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11:

	2010/11	2009/10
Credited to Taxation and Non Specific Grant Income	£000	£000
Council Tax Income	80,981	78,425
NNDR Redistribution	47,188	43,274
Revenue Support Grant	6,852	9,988
Area Based Grant	14,180	9,004
Capital Grants	23,198	40,690
Total	172,399	181,381

Credited to Services	2010/11 £000	2009/10 £000
Rent Allowance Subsidy Waste Recycling	3	-
DEFRA Animal Welfare	11	9
Supporting People	22	-
CLG	84	130
Housing & Planning Development	661	543
School Travel Adviser	8	49
Government Support Ansom & Blenheim PFI	155	155
LATS	489	-
Department of Transport	265	21
Rent Allowance Subsidy	35,163	25,835
Rent Rebates Subsidy	12	11
Council Tax Benefit	13,435	12,703
Discretionary Housing Payments Scheme	42	30
DWP Funding	0	79
HRA Rent Rebate Subsidy	13,296	19,317
Admin Subsidy	1,361	1,480
NNDR Admin	312	310
Rent Rebate Overpayment	551	609
Housing Benefit Overpayments	1,608	1,148
Council Tax Overpayments	553	467
Devolved Standards Fund	30	-
Subsidy Limitation	98	498
PSA Reward Grant	310	44
War Pension	100	93
LABGI funding	-	188
DFC Income	-	-
Delegated Budget Share - Notional SEN	11,875	11,343
DFes	167	145
DSG	352	236
DIP	145	145
LD Campus Closure	12	12
Stroke	88	88
HIV/AIDS	31	31
TASC	816	816
Sure Start	31	-
WREN	235	-
Positive Futures Catch 22	40	42
Arts Council	16	21
Big Lottery Community Libraries	55	-
Read for Health	45	-
Home Office Prison Library	-	81
Department of Health	-	68
LSC Lifelong Learning	-	292
Arts Council Big Idea	-	6
Department of Health Arts Service	-	30
LSC Sustainable Employment	-	34
Sponsorship	84	135
LSC	7,605	7,555
School Extended Services - SSG Contribution	24	-
Xtra Options & Diploma's	498	349
Other grants	146,788	136,957
Other contributions	794	3
Total	238,270	222,108

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	2010/11	2009/10
Capital Grants Receipts in Advance	£000	£000
Capital grants and contributions	14,288	8,004
Total	14,288	8,004

39 Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from Government departments are set out in the subjective analysis in Note 28 on reporting for resources allocation decisions. Grant receipts outstanding at 31st March 2011 are shown in Note 38.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2010/11 is shown in Note 34.

Business Activities

Following an analysis of the declarations made by Councillors of Warrington Borough Council in regards to related party activities during 2010/11, there have been no occurrences where the council had any material business activities or letting of contracts to companies where WBC Councillors have significant operational influence or control in the business activities of the companies or organisations identified in the councillors' related parties returns.

Grants Made

In addition no grants have been made to charitable organisations that include WBC Councillors on their management board. No grants have been made to organisations whose senior management included close members of the families of members.

Details of all member transactions are recorded in the Register of Members' Interest, open to public inspection at the Town Hall during office hours.

Officers

During 2010/11, Officers with budget management responsibility have been required to provide related parties information. Each Departmental Management Team made the decision of who should be included in the related parties exercise and as such the level of involvement will vary across the different departments within WBC.

Following an analysis of the declarations made by Officers of Warrington Borough Council in regards to related party activities during 2010/11, there have been no occurrences where the council had any material business activities or letting of contracts to companies where WBC Officers have significant operational influence or control in the business activities of the companies or organisations identified in the councillors' related parties returns.

Other Public Bodies (subject to common control by central Government)

During 2010/11, Officers have prepared a review of potential activities with other public bodies during 2010/11, and there have been no occurrences where the council had any material business activities or letting of contracts to other public bodies subject to common control by central Government.

Entities Controlled or Significantly Influenced by the Authority

Warrington Borough Transport (WBT) is a wholly owned public transport company of WBC. Officers from WBT have been included in the Officer related parties exercise and there have been no occurrences where the council had any material business activities or letting of contracts to companies where WBT Officers have significant operational influence or control in the business activities of the companies or organisations identified in the councillors' related parties returns other than the normal business activities with WBT.

40 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2010/11 £000	2009/10 £000
Capital Expenditure and Capital Financing		
Opening Capital Financing Requirement	149,825	133,911
Property, Plant and Equipment	47,533	45,803
Investment Properties	-	417
Intangible Assets	36	3,551
Other	-	-
Revenue Expenditure Funded from Capital under Statute	9,593	7,934
	57,162	57,705
Sources of finance:		
Capital receipts	(2,473)	(1,039)
Government grants and other contributions	(32,620)	(33,967)
Other Contributions	-	-
Major Repairs Allowance	(2,983)	(5,846)
Sums set aside from revenue:		
Direct revenue contributions:		
General	-	-
HRA	-	-
Developers Contributions S106	(1,380)	(939)
[MRP/loans fund principal]	-	-
	(39,456)	(41,791)
Closing Capital Finance Requirement	167,531	149,825
Explanation of movements in year:		
Increase in underlying need to borrowing (supported by government financial assistance)	6,412	7,377
Increase in underlying need to borrowing (unsupported by government financial assistance)	11,294	8,537
Assets acquired under finance leases (Note 41)	637	-
Assets acquired under PFI/PPP contracts	-	-
Increase/(decrease) in Capital Financing Requirement	18,343	15,914

41 Leases

Authority as Lessee

Finance Leases

The Council has acquired various land and buildings under finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2011 £000	31 March 2010 £000
Other Land and Buildings	-	-
Vehicles, Plant, Furniture and Equipment	637	-
	637	-

The Authority is committed to making minimum payments under these lease comprising settlement of the long-term liability for the interest in the property acquired by the Authority and the finance costs that will be payable by the Authority in future years while the liability remains outstanding. The Minimum lease payments are made up of the following amounts:

	31 March 2011 £000	31 March 2010 £000
Finance lease liabilities (net present value of minimum lease payments):		
Current	127	0
Non-current	1,158	690
Finance costs payable in future years	8,126	8,222
Minimum lease payments	9,411	8,912

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000
Not later than one year	224	96	127	0
Later than one year and not later than five years	853	386	468	0
Later than five years	8,334	8,431	690	690
	9,411	8,913	1,285	690

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2010/11 £83,975 contingent rents were payable by the Authority (2009/10 £83,975).

The Authority has sub-let some of the retail accommodation held under these finance leases. The above disclosure shows the net result of the lessee and lessor finance leases in relation to this property. The buildings are around 15-20 years old (based on valuation details provided for 01/04/2004) and these were constructed by Northscene, who subsequently sold their interest to MCP. On that basis and in substance, it would appear that WBC provided the land for a shopping complex development, and that MPC funded the buildings (initially constructed by Northscene) to be leased back to WBC. This should therefore be treated as one leasing arrangement for accounting purposes as the two leases are so closely linked that the flows should be seen as part of a single transaction as one lease doesn't work without the other.

The council also sub-let other property resulting in rental income of £174k (2009/10 £174k).

Operating Leases

The Authority has acquired numerous vehicles, plant and equipment and land and buildings by entering into operating leases, with a range of typical lives.

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2011 £000	31 March 2010 £000
Leases rolling over regularly	704	337
Not later than one year	210	254
Later than one year and not later than five years	1,586	1,249
Later than five years	1,047	1,140
	3,547	2,980

The expenditure charged to each directorate line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31 March 2011 £000	31 March 2010 £000
Environment & Regeneration		
Minimum lease payments	2,013	1,846
Contingent rents	-	-
Sublease payments receivable	(229)	(25)
	1,784	1,821

	31 March 2011 £000	31 March 2010 £000
Children & Young People		
Minimum lease payments	1,035	729
Contingent rents	-	-
Sublease payments receivable	-	-
	1,035	729

	31 March 2011 £000	31 March 2010 £000
Neighbourhood & Community		
Minimum lease payments	443	346
Contingent rents	-	-
Sublease payments receivable	-	-
	443	346

	31 March 2011 £000	31 March 2010 £000
Assistant Chief Executive		
Minimum lease payments	34	42
Contingent rents	-	-
Sublease payments receivable	-	-
	34	42

	31 March 2011 £000	31 March 2010 £000
People & Improvement		
Minimum lease payments	21	17
Contingent rents	-	-
Sublease payments receivable	-	-
	21	17

Authority as Lessor

Finance Leases

The Authority has leased out land and buildings at various locations on finance leases with remaining terms of 7 to 109 years.

The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term, and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31 March 2011 £000	31 March 2010 £000
Finance lease debtors (net present value of minimum lease payments):		
Current	29	26
Non-current	32,089	32,118
Unearned finance income	304,353	306,177
Unguaranteed residual value of property	-	-
Gross investment in the lease	336,471	338,321

Due to the length of the leases the unguaranteed residual value of the land and buildings are assumed to be insignificant.

The gross investment in the lease and minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000
Not later than one year	29	26	1,851	1,851
Later than one year and not later than five years	149	134	7,403	7,403
Later than five years	31,940	31,983	327,217	329,067
	32,118	32,143	336,471	338,321

As there is a possibility that worsening financial circumstances might result in lease payments not being made, the Authority has set aside an allowance for uncollectable amounts as part of its sundry debtor impairment which includes rental income debtors raised by the Estates Department. The level of debtor impairment required is reviewed on an annual basis and is based on average actual collection rates.

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2010/11 £502,425 contingent rents were receivable by the Authority (2009/10 £491,675).

Operating Leases

The Authority leases out land and buildings under operating leases. The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2011 £000	31 March 2010 £000
Vacant	43	50
Holding Over	917	428
Not later than one year	245	423
Later than one year and not later than five years	902	887
Later than five years	1,703	1,875
	3,810	3,663

The minimum lease payments receivable include rents that were contingent on events taking place after the lease was entered into up until 31st March 2011, such as adjustments following rent reviews. The minimum lease payments do not include future contingent rents such as adjustments following rent reviews from 1st April 2011 onwards.

42 Private Finance Initiatives and Similar Contracts

Anson Close and Blenheim Close PFI Scheme

2010/11 was the 4th year of a 30 year PFI contract for the construction, maintenance and tenancy management of 105 social houses. The Council has nomination rights over all of the social dwellings.

At the end of the Term, the Council has the following options:

- Purchase the dwellings at their open market value at existing use for social housing purposes (an option that the Operator will not be able to turn down should the Council choose to exercise it);
- Retender the provision of the services; or
- Do neither of the above and walk away.

In return for this combined construction and operations contract, the Council will make quarterly unitary charge payments to the Operator. The payments may vary according to the quality/performance of the service and availability of dwellings, but in substance, it is not expected there would be any significant unavailability of the dwellings. This means that

the Council is in substance committed to a fixed payment stream independent of the demand for the Project assets. The payments are not subject to any indexation. The Operator is also able to charge rents to the tenants. These are set in accordance with the Warrington Area Target RSL rent.

Property, Plant and Equipment

The assets used to provide services at Anson Close & Blenheim Close are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 12.

Payments

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31st March 2011 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Current Year	-	90,807	213,693	304,500
Previous Year	-	86,619	217,881	304,500

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total at 31/03 2011 £000	Total at 31/03 2010 £000	Total at 01/04/2009 £000
Payable within 1 year	-	95,198	209,302	304,500	304,500	304,500
Payable within two to five years	-	429,104	788,896	1,218,000	1,218,000	1,218,000
Payable within six to ten years	-	663,925	858,575	1,522,500	1,522,500	1,522,500
Payable within eleven to fifteen years	-	840,730	681,770	1,522,500	1,522,500	1,522,500
Payable within sixteen to twenty years	-	1,064,618	457,882	1,522,500	1,522,500	1,522,500
Payable within twenty one to twenty five years	-	1,348,127	174,373	1,522,500	1,522,500	1,522,500
Payable within twenty five to thirty years	-	304,500	-	304,500	609,000	913,500
Total	-	4,746,201	3,170,799	7,917,000	8,221,500	8,526,000

John Morris House

2010/11 was the 4th year of a 30 year PFI contract for the construction, maintenance and tenancy management of 38 self contained flats for social housing. The scheme is focused on providing supported housing for 16 to 25 year olds with short to medium term housing needs. The Council has nomination rights over all of the social dwellings.

At the end of the 30 year contract, the Council has the option to purchase the dwellings at its open market value at existing use for social housing purposes. If the Council does not exercise this option, the dwellings shall remain with the operator.

In return for this combined construction and operations contract, the Council will make quarterly unitary charge payments to the Operator. The payments may vary according to the quality/performance of the service and availability of dwellings, but in substance, it is not expected there would be any significant unavailability of the dwellings. This means that the Council is in substance committed to a fixed payment stream independent of the demand for the Project assets. The payments are not subject to any indexation. The Operator is also able to charge rents to the tenants. These are set in accordance with the Warrington Area Target RSL rent.

Property, Plant and Equipment

The assets used to provide services at John Morris House are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 12.

Payments

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31st March 2011 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Current Year		48,977	131,523	180,500
Previous Year		46,718	133,782	180,500

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total at 31/03 2011 £000	Total at 31/03 2010 £000	Total at 01/04/2009 £000
Payable in 2010/11	-	53,302	134,074	187,376	180,500	180,500
Payable within two to five years	-	240,256	509,248	749,504	749,504	742,628
Payable within six to ten years	-	371,733	565,147	936,880	936,880	936,880
Payable within eleven to fifteen years	-	470,726	466,154	936,880	936,880	936,880
Payable within sixteen to twenty years	-	596,081	340,799	936,880	936,880	936,880
Payable within twenty one to twenty five years	-	754,819	182,061	936,880	936,880	936,880
Payable within twenty five to thirty years	-	355,494	19,258	374,752	562,128	749,504
Total	-	2,842,410	2,216,742	5,059,152	5,239,652	5,420,152

43 Impairment Losses

	Council Dwellings £000	Land £000	Buildings £000	Total £000
Impairment losses and impairments reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure	311,592	2,726	10,513	324,831

During 2010/11, the Authority has recognised an impairment loss of £311,592k in relation to Council Dwellings and £13,239k for properties (£2,726k land and £10,513k buildings). The Council Dwellings have been written out (impaired) of the Authorities Balance Sheet as a direct consequence of the large scale voluntary transfer (LSVT) to Golden Gates Housing Ltd.

The changes in value in properties reflect the current economic slump that would directly affect building costs.

44 Capitalisation of Borrowing Costs

The Council has not capitalised any of its borrowing costs during the year.

45 Termination Benefits

The Council terminated the contracts of a number of employees in 2010/11, incurring redundancy liabilities of £3,533,758 (2009/10 £1,396,698) and pension fund liabilities of £1,311,573 (£460,370 in 2009/10) as part of the Council's budget savings.

46 Teachers Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Authority are members of the Teachers' Pension Scheme administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by Local Authorities. The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2010/11, the Council paid £9,151,619 to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2009/10 were £8,809,551 and 14.1%. There were no contributions remaining payable at the year end.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teacher's scheme. These costs are accounted for on a defined benefit basis and detailed in Note 47.

47 Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in two post employment schemes:

- The Local Government Pension Scheme, administered locally by Cheshire Pension Fund by Cheshire West and Chester Council. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

	2010/11 £000	2009/10 £000
Net cost of services:		
Current service cost	17,214	9,155
Past service cost/(gain)	(53,858)	179
Gains and losses on settlements or curtailments	539	1,805
Net operating expenditure:		
Interest cost	32,285	25,758
Expected return on scheme assets	(25,492)	(16,290)
Net charge to the CIES	(29,312)	20,607
Adjustments between accounting basis & Reversal of net charges made for retirement benefits in accordance with IAS 19		
	29,312	(20,607)
Actual amount charged against the general fund balance for pensions in the year:		
Employers' contributions payable to scheme	14,775	17,270
Net charge to the General Fund Summary	44,087	(3,337)

Payments made direct to teachers for added years amounted to £121,735 in 2010/11 (£125,258 for 2009/10).

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31st March 2011 is a loss of £69,153k.

Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	2010/11 £000	2009/10 £000
Balance as at 1 April	623,688	372,371
Current service cost	17,214	9,155
Interest cost	32,285	25,758
Contributions by members	5,358	5,853
Actuarial losses/(gains)	(130,285)	223,665
Past service costs/(gains)	(53,858)	179
Losses/(gains) on curtailments	539	1,805
Liabilities assumed in a business combination	4,141	-
Liabilities extinguished on settlements	-	-
Estimated unfunded benefits paid	-	-
Estimated benefits paid	(17,259)	(15,098)
Balance as at 31 March	481,823	623,688

Reconciliation of fair value of the scheme (plan) assets:

	2010/11 £000	2009/10 £000
Balance as at 1 April	356,271	254,613
Expected return on assets	25,492	16,290
Contributions by members	5,358	5,853
Contributions by employer	16,604	17,270
Contributions in respect of unfunded benefits	-	-
Actuarial gains/(losses)	4,968	77,343
Liabilities assumed in a business combination	2,312	-
Assets distributed on settlements	-	-
Unfunded benefits paid	-	-
Benefits paid	(17,259)	(15,098)
Balance as at 31 March	393,746	356,271

The expected return in scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £30,561k (2009/10 £93,633k).

Scheme History

	31/03/2011 £000	31/03/2010 £000	31/03/2009 £000
Fair Value of Employer Assets	393,746	356,271	254,613
Present value of funded liabilities	(481,823)	(623,688)	(372,371)
Net (Under)/Overfunding in Funded Plans	(88,077)	(267,417)	(117,758)
Present Value of Unfunded Liabilities			
Unrecognised Past Service Cost	-	-	-
Amounts not recognised as an asset	-	-	-
Fair value of reimbursement rights recognised as an asset	-	-	-
Other amounts not recognised in the Balance Sheet	-	-	-
Net Asset/(Liability)	(88,077)	(267,417)	(117,758)
<i>Amount in the Balance sheet:</i>			
Liabilities	(481,823)	(623,688)	(372,371)
Assets	393,746	356,271	254,613
Net Asset/(Liability)	(88,077)	(267,417)	(117,758)

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £88,077k has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the Local Government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid

The total contributions expected to be made to the Local Government Pension Scheme in the year to 31st March 2012 is £81,618k. Expected contributions for the Discretionary Benefits scheme in the year to 31st March 2012 is £9,388k.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as a 31st March 2010.

The principal assumptions used by the actuary have been:

	2010/11	2009/10
Long-term expected rate of return on assets in the scheme:		
Equity investments	7.5%	7.8%
Bonds	4.9%	5.0%
Property	5.5%	5.8%
Cash	4.6%	4.8%
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>		
Men	22.9 years	20.8 years
Women	25.7 years	24.1 years
<i>Longevity at 65 for future pensioners:</i>		
Men	24.9 years	22.3 years
Women	27.7 years	25.7 years
Inflation/Pension Increase Rate	2.8%	3.8%
Salary Increase Rate	5.1%	5.3%
Expected Return on Assets	6.8%	7.1%
Discount Rate	5.5%	5.5%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	50.0%	50.0%
Service post April 2009	75.0%	75.0%

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31/03/2011 %	31/03/2010 %	31/03/2009 %
Equity investments	72.0	73.0	68.0
Bonds	15.0	14.0	17.0
Property	6.0	5.0	8.0
Cash	7.0	8.0	7.0
	100.0	100.0	100.0

	31/03/2011 £000	31/03/2010 £000	31/03/2009 £000
Equity investments	283,497	260,078	173,137
Bonds	59,062	49,878	43,284
Property	23,625	17,814	20,369
Cash	27,562	28,501	17,823
	393,746	356,271	254,613

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserves in 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities as at 31st March 2011:

	31/03/2011 %	31/03/2010 %	31/03/2009 %	31/03/2008 %	31/03/2007 %
Experience (gains and (losses) on Assets	0.01	0.22	(0.36)	(0.12)	(0.00)
Experience gains and (losses) on liabilities	(0.15)	0.00	0.00	0.03	0.00

48 Contingent Liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31st March 2011.

A Contingent Liability of £3,956,685 has been recognised in relation to future termination costs, reflecting service redesign options that are contained within the 2011/12 – 2014/15 Medium Term Financial Plan.

A Contingent Liability of £1.708m has also been created to reflect a guarantee issued by the Council to Warrington Borough Transport (WBT), to underwrite WBT's pension fund deficit for a period of 15 years.

49 Contingent Assets

A contingent asset is an asset that may be received but only if a certain future event occurs. The Council has identified the following contingent assets as at 31st March 2011.

VAT Shelter Arrangements

Following the transfer of its Housing Stock to GGHT the Authority entered into an agreement to reclaim the VAT on Improvement Works to dwellings. The estimated value of these works is £372m over the next 30 years and so it is expected that £48m of VAT would be recoverable. The agreement put in place means that WBC would expect to receive up to £25m.

Right to Buy Sharing Agreement

As with other agreed stock transfers, the Council has entered into an agreement with GGHT relating to the future sales under the Prescribed Right to Buy (PRTB) regulations. This relates to any future sales of the transferred stock to existing tenants until November 2040

The Council will receive capital receipts at the end of each financial year for any dwellings sold within the year. The only exclusion to this agreement are former Commission for New Town dwellings where the sale proceeds must be passed onto the Homes and Community Agency. The council will receive 100% of the receipt generated net of administrative costs and net income foregone that is detailed in Schedule 13 of the Transfer Agreement.

There have been no sales from the date of transfer at 29 November 2010 to the 31st March 2011.

50 Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in measures such as interest rates and stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch and Moody's Rating Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria in respect of financial assets held by the Authority are as detailed below:

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal rating in accordance with parameters set by the Council.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £28,852k cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31st March 2011 that this was likely to crystallise.

Deposits are not made with banks and financial institutions unless they are rated independently with a minimum Fitch rating of F1 for short term investments and AA for Long Term (or Moody's equivalent P1, AAA). The Council recognises that no combination of credit ratings can be viewed as entirely fail safe. The Council determines relative degrees of security by the use of matrices based on credit ratings, which are supplied by the Councils treasury advisors and updated on a daily basis. The Authority has a policy of not lending more than £10m of its surplus balances to one institution. It is also the Councils policy to evaluate the Sovereign Credit ratings of individual countries and only invest in countries with an AAA credit rating. If countries fall outside this rating the Council will not invest in any of its institutions an example of this is Ireland. Ireland lost its AAA sovereign credit rating in the autumn of 2008/09 resulting in the Council no longer using the country for investments. Government Guarantees are also assessed before any investments are made.

The following analysis summarises the Authority's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31/01/11 £000	Historical experience of Default %	Adjustment for Market Conditions @31/03/11 %	Estimated Maximum Exposure to Default
Deposits with banks and financial institutions				
AAA* rated counterparties (investments up to 1 year)	-	0.00%	0.00%	-
AA* rated counterparties (investments up to 1 year)	26,845	0.00%	0.00%	-
A* rated counterparties (investments 1-2 years)	-	0.00%	0.00%	-
BBB rated counterparties (investments up to one year)	-	0.00%	0.00%	-
Other Investments	990	0.00%	0.00%	-
Trade Debtors	10,641	3.16%	3.16%	336
Other Debtors	55,703	3.16%	3.16%	1,760
	94,179			2,096

No credit limits were exceeded during the reporting period and the Authority does not expect any losses or non-performance by any of its counterparties in relation to deposits and bonds.

The Authority does not generally allow any credit for customers, such that whole of the £10,641k trade debtor balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31/03/2011	31/03/2010
	£000	£000
Less than three months	5,765	4,010
Three to six months	1,274	595
Six months to one year	(569)	777
More than one year	4,171	2,283
	10,641	7,665

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. To this extent rates will be monitored to ensure that limits are adhered to regarding the maturity structure of Fixed Rate Debt to negate against a significant proportion of the debt portfolio being repayable at any one time. The following table shows the Council's approved limits and its position at 31st March 2011.

	Upper Limit	Lower Limit
Maturity Structure of Fixed Debt	%	%
Under 12 months	25	0
12 months to 24 months	25	0
24 months to 5 years	35	0
5 years to 10 years	30	0
10 years and above	100	40

The maturity analysis of financial liabilities is as follows:

	31/03/2011 £000	31/03/2010 £000
Less than one year	1,603	1,000
Between one and two years	-	-
Between two and five years	684	10,300
More Than 5 Years	110,049	135,400
	112,336	146,700

All trade and other payables are due to be paid in less than one year.

Market Risk

Internal Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements in its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 40% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rates loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of Government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to the assessment strategy, at 31st March 2011, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31/03/2011 £000	31/03/2010 £000
Increase in interest payable on variable rate borrowings	700	233
Increase in interest receivable on variable rate investments	-	-
Increase in government grant receivable for financing costs	-	-
Impact on Surplus or Deficit on the Provision of Services	700	233
Share of overall impact debited to the HRA	-	-
Decrease in fair value of fixed rate investment assets	-	-
Impact on Other Comprehensive	-	-
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(20,495)	(26,000)

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

The Council does not invest in equity shareholding other than the £150k investment in Warrington Sports Holdings Limited, an unquoted long term investment which is not considered to be high risk. Consequently the Council is not currently exposed to price risk arising from movements in the price of shares. Nor does the Council have financial assets or liabilities denominated in foreign currencies, and thus has no exposure to loss arising from movements in exchange rates.

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

51 Large Scale Voluntary Stock Transfer (LSVT)

The Council transferred its' housing stock to Golden Gates Housing Trust on 29th November 2010. Previously Golden Gates Housing existed as an Arms Length Management Organisation (ALMO) wholly owned by the Council. The Large Scale Voluntary Transfer has had a major impact on the Council's accounts for 2010/11 and this note explains the main issues and the impact on the accounts in 2010/11 and in future years.

Assets transferred and retained

The Council transferred 8,789 dwellings, 669 garage sites, 15 garage plots, 21 shops that were then leased back to the Council for £1 over a 125 year term and various small land holdings within housing estates which did not have any future development potential. The Council retained 30 dwellings, 220 garage sites, 807 garage plots and various land holdings. The garage sites and land holdings retained are considered suitable for future development. Of the 30 dwellings retained, 6 are leased to another housing organisation, 22 were required to assist the Council with its on-going homelessness strategy and 2 were classified as Assets Held for Sale. As part of the stock transfer of assets 3 dwellings, previously classified as Non HRA also transferred due to the nature of the tenancy agreement held by the respective tenants. A further 2 Non HRA dwellings were retained by the Council.

One member of staff transferred to the housing association from Warrington Borough Council. All staff employed by Golden Gates Housing transferred to the new organisation.

Closure of the Housing Revenue Account (HRA)

It is the intention of the Council to close the HRA as soon as is practically possible. In the meantime, the HRA remains technically 'open'. The Council has appropriated all the retained assets to the General Fund and consequently all transactions relating to these assets from 29th November 2010 have been accounted for within the General Fund. To remove the 28 dwellings from the HRA requires Secretary of State's approval and this is currently being sought. Following approval to remove these properties from the HRA (currently envisaged during 2011/12), the Council will apply to the Secretary of State to formally close the HRA. This is currently envisaged for the end of the 2011/12 financial year. Following closure, the HRA balance (currently £3.056m) will be transferred to the General Fund.

Transfer Price and associated costs

The transfer price for the dwellings and associated assets is largely determined by a prescribed formula set by Government and reflects the current value of the future income/expenditure streams of the assets over the next 30 years.

The transfer price agreed with Golden Gates Housing Trust was £3.907m for which they have agreed to undertake a contract for improvement works of £372m. The actual receipt received by the Council for the transferred assets was £3.907m.

Set up costs of £3.463m have been off-set against this receipt at 31st March 2011. Under prescribed legislation any excess of the receipt over set up costs must be repaid to the Government.

Right to Buy Sharing Agreement

As is common with all stock transfers, the Council have negotiated an agreement with the Golden Gates Housing Trust relating to future sales under the Prescribed Right to Buy (PRTB) regulations. These relate to any future sales of the transferred stock to existing tenants. New tenants of Golden Gates Housing Trust post transfer do not have the Right to Buy their properties. Different regulations apply to these tenants.

The Council will receive the full receipt for each dwelling sold under the PRTB regulations after Golden Gates Housing Trust has deducted revenue foregone and administration costs. For 2010/11, from the date of transfer, no dwellings were sold and consequently, the Council received £0.

VAT Shelter arrangements

In normal circumstances, housing associations are not able to reclaim VAT on improvement works to dwellings. The VAT Shelter is an arrangement, used in every transfer since 2002, with HMRC's agreement, whereby Golden Gates Housing Trust can reclaim VAT on future improvement works to the transferred stock. An estimated total of £372m of improvement works is planned to take place over the next 30 years (£75m in the first 5 years). Therefore an estimated £48m detailed above would be recoverable by the Golden Gates Housing Trust.

The Council has agreed a 51.7/48.3 share of the reclaimed VAT with Golden Gates Housing Trust. This could result in the Council receiving up to £25m over the next 30 years.

There is currently much debate over whether the income Council's receive from the VAT shelter arrangement should be classified as revenue or capital. Information from other Authorities has revealed that there is a mixture of approaches, some treating it as revenue and some as capital. Unfortunately, there is no definitive guidance as to how this should be accounted for. However, taking all the information into account, the Council is of the opinion that this is a capital receipt.

Pension Deficit

Prior to the Housing Stock Transfer the Council commissioned a report from Chester and Cheshire West Pension Fund which identified a projected potential shortfall of £0.997m on the fund for staff employed by GGH. As part of the transfer agreement WBC agreed to take on this future potential cost.

Rent Arrears

In accordance with an agreed formula Golden Gates Housing Trust purchased all current tenant arrears as at 29th November 2010. Former tenant arrears as at that date remained with the Council. The total value of these residual arrears was £2.542m, and the Council

had full bad debt provision for them at 31st March 2011. The decision was taken to write off these arrears thereby removing them from the Balance Sheet.

Service Level Contracts (SLC)

Various agreements were negotiated with Golden Gates Housing Trust to provide them with a range of services post transfer. These include:

- Building Cleaning – to 31/3/2014
- Car Leasing – to 30/11/2013
- Internal Audit – to 30/9/2011
- Insurance Management – to 31/10/2013
- Valuation Services – to 30/11/2012
- Street Scene – to 31/3/2012
- Carecall – to 31/10/2013
- Extracare Housing Management – to 31/10/2013

The estimated total annual value of these contracts is £0.901m including some SLA's that are dependant upon the level of service provided. The relevant amounts due under each SLC for 2010/11, is included within the relevant service account within net cost of services in the Income and Expenditure Account.

52 Landfill Allowance Trading Scheme (LATS)

The Authority has received allowances for the year 2010/11 for 39,114 tonnes. The estimated BMW landfill usage is 36,994 tonnes. It does not buy or sell any allowances in the year or during the reconciliation period. DEFRA has advised that the average traded value of 2010/11 has been £12.50.

Amounts to be included in 2010/11 Statement of Accounts:

Comprehensive Income and Expenditure Statement	Gross Income £000	Gross Expenditure £000	Net Expenditure £000
Cultural, Environmental, Regulatory and Planning	(489)	463	(26)

Balance Sheet for 2010/11	Upon Recognition £000	Movement After Recognition £000	31 March 2011 £000
Current Assets:			
Landfill Usage Allowances for 2010/11	489	-	489
Current Liabilities:			
Liability to DEFRA for 2010/11 Landfill Usage	-	(463)	(463)
Usable Reserves:			
General Fund	(489)	463	(26)

Housing Revenue Account

	2009/10 £000	2010/11 £000
Income		
Gross Rent Income:		
Dwelling Rents	(27,890)	(18,430)
Non-Dwelling Rents	(215)	(164)
Charges for facilities & services	(1,762)	(3,008)
Contributions from General Fund	(219)	(144)
Sums Directed by the Secretary of State that are income in accordance with the Code	-	(60,512)
Total Income	(30,086)	(82,258)
Expenditure		
Repairs & Maintenance	7,027	4,710
Supervision & Management	8,434	7,314
Rents, Rates & Taxes	186	429
Housing Revenue Account Subsidy payable (incl MRA)	4,824	3,844
Depreciation of Fixed Assets	5,113	1,081
Impairment of Fixed Assets	-	313,224
Debt Management Costs	40	26
Provision for Bad Debts	693	534
Sums Directed by the Secretary of State that are expenditure in accordance with the Code	1,062	392
Total Expenditure	27,379	331,554
Net Cost of HRA Services as included in the whole authority Comprehensive I & E Statement	(2,707)	249,296
HRA Services Share of Corporate & Democratic Core	32	22
HRA services share of Unallocated overheads	-	-
Net Cost of HRA Services	(2,675)	249,318
HRA Share of the operating I & E included in the whole authority Comprehensive I & E Statement		
Gain on sale of HRA Fixed Assets	(40)	(341)
Interest Payable and Similar Charges	2,013	1,301
HRA Investment Income	-	-
Pensions interest cost and expected return on pensions assets	-	-
Deficit for Year on HRA Services	(702)	250,278

	2009/10 £000	2010/11 £000
Movement on HRA Statement:		
Balance on the HRA at the end of the previous year	(1,932)	(3,169)
(Surplus)/deficit for the year on the HRA Income and Expenditure Statement	(702)	250,278
Adjustments between Accounting basis and funding basis under statute	(530)	(253,782)
Decrease before transfers to/from reserves	(1,232)	(3,504)
Transfers to Reserves	(6)	3,616
Decrease in year on HRA	(1,238)	112
Balance on the HRA at the end of the current year	(3,170)	(3,057)

	2009/10 £000	2010/11 £000
Adjustments between Accounting basis and funding basis under statute:		
Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the code and those determined in accordance with statute	-	(26)
Difference between any other items of income and expenditure determined in accordance with the SORP and determined in accordance with statutory HRA requirements	-	-
Gain or loss on sale of fixed HRA assets	40	341
Net Charges made made for Retirement benefits in accordance with FRS17	-	-
Sums directed by the Secretary of State to be debited or credited to the HRA that are not income and expenditure in accordance with UK GAAP	-	-
Employers contributions payable to the Cheshire Pension Fund and retirement benefits payable direct to Pensioners	-	-
Capital Expenditure funded by HRA	-	-
Transfer to/from Capital Adjustment Account	(570)	(254,097)
Total Adjustments between Accounting basis and funding basis under statute	(530)	(253,782)

	2009/10 £000	2010/11 £000
Analysis of transfers to/from Reserves		
Transfer to Major Repairs Reserve	(6)	3,375
Transfer to General Fund	-	242
Total Transfers to Reserves	(6)	3,617

Explanatory Notes to the Housing Revenue Account

1 Housing Revenue Account

The Housing Revenue Account is a record of expenditure on, and income from, the provision of Local Authority housing, and the form and content of the Account is prescribed by statute. The Housing Revenue Account is “ring-fenced” and must be self-supporting. Contributions both to and from the Housing Revenue Account (e.g. from the General Fund) are limited to special circumstances.

2 Housing Stock

The total number of dwellings in the Authority’s housing stock, as at 31st March 2011, totalled 28 properties. The type of properties and the period in which they were built is as follows:

	1945 No.	1945-64 No.	>64 No.	Total No.
Property Type				
Low Rise Flats (Blocks up to and incl. 2 Storey)				
1 Bed	-	-	-	-
2 Bed	-	-	-	-
3 Bed	-	-	-	-
Sub-Total	-	-	-	-
Medium Rise Flats (Blocks of 3 up to and incl. 5 Storey)				
1 Bed	-	-	-	-
2 Bed	-	-	-	-
3 Bed	-	-	-	-
Sub-Total	-	-	-	-
High Rise Flats (Blocks of 6 Storey's or more)				
1 Bed	-	-	-	-
2 Bed	-	-	-	-
Sub-Total	-	-	-	-
Houses / Bungalows				
1 Bed	6	-	22	28
2 Bed	-	-	-	-
3 Bed	-	-	-	-
4 or More	-	-	-	-
Sub-Total	6	-	22	28
Total Dwellings 31 March 2011	6	-	22	28

3 Major Repairs Reserve

The Major Repairs Reserve Allowance is an element of Housing Revenue Account Subsidy. The movement on the Major Repairs Reserve during the year ended 31st March 2011 is summarised below:

	2010/11 £000	2009/10 £000
Balance on Major Repairs Reserve at 1 April 2010	(1,709)	(2,448)
Depreciation:		
Dwelling Houses	(3,375)	(5,107)
Other	-	-
Total	(3,375)	(5,107)
Capital Expenditure	2,983	5,846
Amount transferred from the Major Repairs Reserve for capital expenditure on HRA Land, Houses and Other Property	-	-
Balance on Major Repairs Reserve at 31 March 2011	(2,101)	(1,709)

4 Housing Revenue Account Capital Expenditure

	2010/11 £000	2009/10 £000
Capital investment		
Operational assets	2,960	5,671
Non-operational assets	-	-
Other	-	-
Revenue Expenditure funded from Capital under Statute	306	570
	3,266	6,241
Sources of funding		
Supported Borrowing	283	283
Capital Receipts	-	55
Major Repairs Reserve	2,983	5,846
Government grants and other contributions	-	57
Direct Revenue Financing	-	-
	3,266	6,241

Supported borrowing levels are issued annually by Central Government, authorising the Council to borrow monies, which will be funded by Central Government to cover capital expenditure. Additionally, the Council is able to take out unsupported borrowing which must be financed from its own resources.

5 Capital Receipts from Disposal of Land, Houses and Other Property within the Housing Revenue Account

	2010/11 £000	2009/10 £000
Council Dwellings		
Right to Buy	732	646
Discounts repaid	23	63
Non-Right to Buy	-	-
Other Receipts		
Land sales	-	35
Other property sales	-	-
Mortgage Property	-	1
	755	745
Less Pooled (Paid to Central Government)	(532)	(467)
	223	278

6 Housing Revenue Account Subsidy

Government Subsidy on the Housing Revenue Account is calculated based upon a notional account, which takes into account the housing stock numbers and local influences. The elements of expenditure are calculated for items such as management,

day to day maintenance, capital financing charges etc. Off set against these costs is an element for notional income calculates on stock numbers and guideline rents.

The elements of Housing Revenue Subsidy for the year ended 31st March 2011 are shown below. Due to the Housing Stock Transfer the subsidy calculated is as at 28 November 2011.

	2010/11 £000	2009/10 £000
Management and Maintenance	8,993	13,143
Major Repairs Allowance	3,375	5,107
Charges For Capital	1,823	2,739
Other Items of Reckonable Expenditure	-	-
Interest on Receipts	-	(1)
Guideline Rent Income	(18,047)	(25,807)
Total In year HRA Subsidy Payable	(3,856)	(4,819)
Previous years Adjustment	12	(5)
Total HRA Subsidy Due to CLG	(3,844)	(4,824)

7 Rent Arrears

Following the transfer of the Housing Stock to Golden Gates Housing Trust all residual housing debt was written off against provisions.

	31/03/11 £000	31/03/10 £000
Current Tenant Arrears	-	1,711
Former Tenant Arrears	-	850
Total Rent Arrears	-	2,561

8 Provision for Bad and Doubtful Debts

As part of the Large Scale Voluntary Transfer of Housing Stock to Golden Gates Housing Trust the Council has written off the arrears remaining against provisions set aside on the Balance Sheet.

9 Revenue Expenditure funded by Capital under Statute

Capital expenditure that does not generate an asset is written down to revenue over an appropriate period consistent with the economic benefits controlled by the Authority. Where the Authority does not gain any economic benefit or the period of economic benefit is within the financial year the full cost is charged to revenue. In order to prevent such charges impacting on tenants the transactions are reversed out of the revenue account via the Statement of Movement on HRA Balance.

Where the Authority does not receive economic benefit over a number of years the Revenue expenditure funded by capital under statute is recognised on the Balance Sheet within the appropriate category of asset.

During 2010/11 the HRA was charged with £306,000.

10 Depreciation and Impairment of Fixed Assets

The value of Council Dwellings as shown on the Balance Sheet is determined by applying a discount to the Market Value. The discounted value, known as Existing Use Value - Social Housing (EUVSH) equated to 48% of the property value for the financial year 2009/10.

For the financial year 2010/11 the rate was reduced to 35% and this therefore necessitated a change to the opening value on the Balance Sheet. The amount of the impairment was £70.674m.

	2010/11		2009/10	
	Depreciation £000	Impairment £000	Depreciation £000	Impairment £000
Land	-	-	-	-
Houses	1,081	313,224	5,107	-
Other Property - Operational Assets	-	-	6	-
Non Operational	-	-	-	-
	1,081	313,224	5,113	-

11 Vacant Possession Value of dwellings within the HRA

The vacant possession value and balance sheet value of dwellings within the HRA show the economic cost to the Government of the providing council housing at less than open market rents.

	2010/11 £000	2009/10 £000
Vacant Possession value (open market value)	674	651
Existing Use Value of Dwellings	(236)	(312)
Difference between Vacant Possession and Existing Use Value	438	339

12 Exceptional Items

During 2010/11 the Authority transferred its Housing Stock as part of a LSVT to Golden Gates Housing Trust. Included within note 51 is an explanation of the main items of interest.

Collection Fund

This account shows the income received from Council Tax payers, and Business Ratepayers.

	2010/11 £000	2009/10 £000
Balance Brought Forward	(1)	287
Income		
Income from Council Tax	(83,219)	(80,921)
Transfers from General Fund		
Council tax benefits	(13,307)	(12,601)
Transitional relief	0	0
Discounts for prompt payment	0	0
Income collectable from business ratepayers	(91,608)	(94,541)
Contributions		
Towards previous year's Collection Fund deficit	0	0
Adjustment of previous year's community charges	0	0
Total Income	(188,134)	(188,063)
Expenditure		
Precepts		
Cheshire Police Authority	10,067	9,725
Cheshire Fire Service	4,627	4,460
Warrington Borough Council and Parishes	80,679	78,182
Business rate		
Payment to national pool	90,526	93,531
Costs of collection	302	310
Bad and doubtful debts		
Write-offs	1,745	1,671
Provisions	(167)	(104)
Contributions		
Towards previous year's estimated Collection Fund surplus	0	0
Adjustment of previous years' community charges	0	0
Total Expenditure	187,779	187,775
Movement on fund balance	(355)	(288)
Balance Carried Forward	(356)	(1)

Notes to the Collection Fund Statement

1. Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands by estimating 1 April 1991 values. Individual charges are set by calculating the amount of income to be achieved from Council Tax and dividing this by the Council Tax Base (the total number of properties in each band converted to an equivalent number of Band D properties). The tax

for a Band D property is multiplied by the appropriate ratio to give an amount due for properties in each band.

Band	Value Range	Number of Dwellings after Discounts and Exemptions	Ratio	Band D Equivalents
Disabled	-	39	5/9	22
A	Up to £40,000	22,128	6/9	14,752
B	£40,000 - £52,000	16,499	7/9	12,833
C	£52,000 - £68,000	16,752	8/9	14,891
D	£68,000 - £88,000	10,149	9/9	10,149
E	£88,000 - £120,000	6,090	11/9	7,443
F	£120,000 - £160,000	4,033	13/9	5,825
G	£160,000 - £320,000	2,381	15/9	3,968
H	£320,000 and over	146	18/9	292
		78,217		70,175

The total number of Band D Equivalents is then adjusted for non-collection, new properties and other adjustments to produce the Council Tax Base.

Calculation of Tax Base	
Total properties converted to Band D equivalent	70,175
Less changes in assumptions	(3)
	<hr/> 70,172
Less allowance for non-collection	(702)
Increase due to decrease of second home discount	182
Council Tax Base for Tax Setting	69,652

2. National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The Government specifies a rate in the pound (41.4p for 2010/11; 40.7p for small businesses) which is then multiplied by the rateable value to produce a charge to each business. The aggregate rateable value or total value of properties for Warrington is £256,412,627. The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into an NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to Local Authorities on the basis of a fixed amount per head of population.

3. Movement on Collection Fund Adjustment Account

The Collection Fund contains monies collected on behalf of Warrington Borough Council, Cheshire Police Authority and Cheshire Fire Authority. However, this is then disaggregated in the Balance Sheet and only Warrington Borough Council's share is shown in the Collection Fund Adjustment Account. The table below breaks down the movement in the Collection Fund between the different Authorities to arrive at the movement on the Collection Fund Adjustment Account. This is featured in the Statement of Total Recognised Gains and Losses (see main financial statements).

2009/10	2010/11
£000	£000
(288) Movement on Collection Fund balance	(355)
Less share of surplus/deficit relating to:	
31 - Cheshire Police Authority	37
14 - Cheshire Fire Authority	17
(243) Total	(301)

Group Accounts

Introduction

The CIPFA Code of Practice requires that where an Authority has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts. The aim of these accounts is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities. Before group accounts can be produced, the following actions need to be carried out:

- Determine whether the Council has any form of interest in an entity
- Assess the nature of the relationship between the Council and the entity

Inclusion within the Group Accounts

The Council has relationships with a number of entities over which it has varying degrees of control or influence. The Code of Practice requires these to be classified into the categories of subsidiaries, associates and joint ventures. The meanings of these are outlined below.

Subsidiary

“An entity is a subsidiary of the reporting Authority if the Authority is able to exercise control over the operating and financial policies of the entity and the Authority is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control.”

The following entities are classified as subsidiaries of the Council and have been consolidated:

- Warrington Borough Transport (WBT)
- Golden Gates Housing (GGH) – until 28th November 2011 (see note G1)

These Group Accounts are based on the unaudited accounts of Warrington Borough Transport Ltd and Golden Gates Housing Ltd. Copies of the audited accounts can be obtained from the following addresses when available.

Warrington Borough Transport Ltd
Wilderspool Causeway
Warrington
WA4 6PT

Golden Gates Housing Limited
Bank House
Sankey Street

Warrington WA1 1RH

Associate

“An entity other than a subsidiary or joint venture in which the reporting Authority has a participating interest and over who’s operating and financial policies the reporting Authority is able to exercise significant influence.”

The following entities are classified as an associate of the Council and will be consolidated:

- Connexions

Connexions accounts are available from the address below:

No.2 The Stables
Gadbrook Park
Northwich
Cheshire
CW9 7RJ

Joint Venture

“An entity in which the reporting Authority has an interest on a long term basis and which is jointly controlled by the reporting Authority and one or more other entities under a contractual or other binding arrangement.”

The Council currently has no Joint Venture arrangements with any other entities.

Determining the Group Boundary

To ensure that the Group entities incorporated into the Group Accounts are correct, a detailed exercise was carried out, but no companies, other than those detailed above, were determined to be a Group Entity.

Please note that although Warrington Borough Council does have an investment in Warrington Wolves, it was determined that there is no Group Relationship as WBC does not have a significant influence over the organisation as our shareholding is less than 14% and we only have one board member who has a connection with the Council.

Main Statements

The Group Accounts replicate the main statements in the single entity accounts, and narrative explanations are given on the single entity main statements.

Group Movement in Reserves Statement

This statement shows the adjustments from the single entity to the Group Movement in Reserves Statement. A full breakdown of the single entity statement is given in the main statements.

	General Fund Balance £000	Earmarked General Fund Reserves £000	HRA Balance £000	Earmarked HRA Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves of the Authority £000	Authority's share of Reserves of Subsidiaries and Associates £000	Total Reserves of the Group £000
Balance as At 1 April 2009	976	22,891	1,182	842	85	2,448	4,013	32,437	486,729	519,166	(2,757)	516,409
Movement in reserves during the year												
Surplus or (deficit) on the provision of services	22,984		519					23,503		23,503	773	24,276
Other Comprehensive Income and Expenditure	-				-			-	(138,790)	(138,790)	(12,578)	(151,368)
Total Comprehensive Income and Expenditure	22,984	-	519	-	-	-	-	23,503	(138,790)	(115,287)	(11,805)	(127,092)
Adjustments between accounting basis & funding basis under regulations	(22,398)		955		31	(739)	7,846	(14,305)	14,305	-	-	-
Net Increase/Decrease before Transfers to Earmarked Reserves	586	-	1,474	-	31	(739)	7,846	9,198	(124,485)	(115,287)	(11,805)	(127,092)
Transfers to or from earmarked reserves	(586)	416	(235)	(1)	-			(406)	406	(0)	-	(0)
Increase/Decrease in Year	-	416	1,239	(1)	31	(739)	7,846	8,792	(124,079)	(115,287)	(11,805)	(127,092)
Balance as at 31 March 2010	976	23,307	2,421	841	116	1,709	11,859	41,229	362,650	403,879	(14,562)	389,317
Movement in reserves during the year												
Surplus or (deficit) on provision of services	28,865		(249,513)					(220,648)		(220,648)	4,329	(216,319)
Other Comprehensive Income and Expenditure	-				-			-	144,090	144,090	13,707	157,797
Total Comprehensive Income and Expenditure	28,865	-	(249,513)	-	-	-	-	(220,648)	144,090	(76,558)	18,036	(58,522)
Adjustments between accounting basis & funding basis under regulations	(32,643)		250,168		(5,090)	3,375	-	215,810	(215,810)	-	-	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(3,778)	-	655	-	(5,090)	3,375	-	(4,838)	(71,720)	(76,558)	18,036	(58,522)
Transfers to or from earmarked reserves	3,778	(3,537)	(770)	1	5,499	(2,983)	1,482	3,470	(3,470)	-	-	-
Increase/Decrease in Year	-	(3,537)	(115)	1	409	392	1,482	(1,368)	(75,190)	(76,558)	18,036	(58,522)
Balance Sheet As At 31 March 2011	976	19,770	2,306	842	525	2,101	13,341	39,861	287,460	327,321	3,475	330,795

Group Comprehensive Income and Expenditure Account

Gross Expenditure £000	Gross Income £000	2009/10 Net Expenditure £000		Gross Expenditure £000	Gross Income £000	2010/11 Net Expenditure £000
24,590	(12,367)	12,223	Central Services to the Public	92,716	(70,849)	21,867
31,876	(10,446)	21,430	Cultural, Environmental and Planning Services	44,874	(13,199)	31,675
201,698	(161,970)	39,728	Childrens and Education Services	233,143	(187,798)	45,345
26,868	(11,919)	14,949	Highways, Roads and Transport Services	29,274	(13,820)	15,454
27,281	(30,198)	(2,917)	Local Authority Housing (HRA)	331,376	(82,089)	249,287
71,741	(71,254)	487	Other Housing Services	15,205	(5,899)	9,306
81,448	(31,517)	49,931	Adult Social Care	83,727	(31,948)	51,779
4,253	(220)	4,033	Corporate and Democratic Core	6,125	(220)	5,905
2,147	-	2,147	Non-Distributed Cost	(56,625)	-	(56,625)
471,902	(329,891)	142,011	Surplus / Deficit on Continuing Operations	779,815	(405,822)	373,993
		922	Other Operating Expenditure	Note G1		6,382
		14,040	Financing & Investment Income & Expenditure	Note G2		8,855
		-	Surplus or Deficit on Discontinued Operations			-
		(181,381)	Taxation and Non-Specific Grant Income	Note G3		(172,399)
		(24,408)	(Surplus) or Deficit on Provision of Services			216,831
			Share of the surplus or deficit on the provision of services by			
		(29)	associates			(601)
		160	Tax expenses of subsidiaries			89
		1	Tax expenses of associates			(1)
		(24,276)	Group (Surplus) / Deficit			216,319
		(8,400)	Surplus or Deficit on revaluation of non-current assets			(8,810)
			Surplus or deficit on revaluation of available for sale financial assets			-
		157,210	Actuarial gains / losses on pension assets / liabilities			(146,686)
		2,558	Share of other comprehensive income and expenditure of associates			(2,301)
		151,368	Other Comprehensive Income and Expenditure			(157,797)
		127,092	Total Comprehensive Income and Expenditure			58,522

Group Balance Sheet

	Notes	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
Property, Plant and Equipment	G10	471,644	752,415	711,903
Investment Property		36,472	45,730	44,498
Intangible Assets	G11	2,881	3,868	449
Assets Held for Sale		-	465	465
Long-term Investments		1,119	150	150
Investments in Associates and Joint Ventures		-	-	-
Long-term Debtors	G13	33,917	33,544	33,430
Deferred Tax Asset		-	-	-
Long-term Assets		546,033	836,172	790,895
Short-term Investments		5,046	-	13,422
Inventories	G12	1,055	1,122	786
Short-term Debtors	G13	47,213	46,040	27,602
Cash and Cash Equivalents	G14	31,744	24,319	20,658
Assets Held for Sale		-	-	-
Current Tax Asset		-	-	-
Current Assets		85,058	71,481	62,468
Cash and Cash Equivalents		(8,366)	(10,528)	(4,923)
Short Term Borrowing		(3,234)	(2,143)	(517)
Short-term Creditors	G15	(47,956)	(40,330)	(45,975)
Provisions	G16	(11,929)	(9,925)	(9,293)
Liabilities in Disposal Groups		-	-	-
Donated Assets		-	-	-
Group receipts in advance		-	-	-
Current Liabilities		(71,485)	(62,926)	(60,708)
Long-term Creditors	G15	(21,024)	(14,359)	(14,957)
Provisions	G16	(1,775)	(1,354)	(1,605)
Long-term Borrowing		(116,219)	(151,947)	(135,173)
Other Long Term Liabilities		(89,328)	(287,285)	(124,108)
Donated Assets Account		-	-	-
Capital Grant Receipts in Advance		-	-	-
Deferred Tax Liability		(465)	(465)	(403)
Long-term Liabilities		(228,811)	(455,410)	(276,246)
Net Assets		330,796	389,318	516,409
Usable Reserves		42,710	45,788	410,137
Unusable Reserves		288,086	343,529	106,272
Total Reserves		330,796	389,318	516,409

Group Cashflow

2009/10 £000			2010/11 £000
(24,408)	Net (surplus) or deficit on the provision of services		216,831
(2,434)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(312,582)
9,148	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		15,990
(17,694)	Net cash flows from Operating Activities	Note G17	(79,761)
49,337	Investing Activities	Note G18	37,372
(29,960)	Financing Activities	Note G19	32,624
261	Corporation tax (received) / paid		114
1,944	Net (increase) or decrease in cash and cash equivalents		(9,651)
0	Derecognition of GGH as a Group Entity		64
(15,735)	Cash and cash equivalents at the beginning of the reporting period		(13,791)
(13,791)	Cash and cash equivalents at the end of the reporting period (Note 19)		(23,378)

Explanatory Notes to the Group Accounts

The notes below are specific to the Group Accounts.

G1 De-recognition of Golden Gates Housing Ltd as a subsidiary

Following the transfer of the Council's Housing Stock to Golden Gates Housing Trust on 29th November 2011, Golden Gates Housing has now been derecognised as a subsidiary of Warrington Borough Council. Part year results have been included in the Group Comprehensive Income & Expenditure Account and the net worth of GGH Ltd as at 28th November of £217k has been recorded as Other Operating Expenditure on the CI&E and broken down as gain / loss on the disposal of non-current assets on note G6).

G2 Reconciliation of Single Entity Deficit for the Year to the Group Deficit

2009/10 £000		2010/11 £000
(23,503)	(Surplus)/Deficit on the authority's single entity Income and Expenditure Account for the year	220,647
	Less:	
0	Subsidiary dividend income and any other distributions from group entities included in the single entity surplus or deficit on the Income and Expenditure Account	0
	Add:	
	Surplus or deficit arising from other entities included in the group accounts analysed into the amounts attributable to subsidiaries:	
(343)	WBT (Surplus)/Deficit	(1,405)
(402)	GGH (Surplus)/Deficit	(2,539)
	Derecognition of GGH as a group entity	217
	Add:	
	Percentage of Surplus or deficit arising from Associates:	
(29)	Connexions (25%)	(601)
(24,276)	Group Account (Surplus)/Deficit for the year	216,319

G3 Summarised Financial Information of Associate

Connexions has been included in the Group Accounts using the equity method. Under the equity method, only the Authority's share of net assets and results are included. The table below shows Income and Expenditure Account for Connexions.

Connexions 2009/10 £000	WBC 25% 2009/10 £000		Connexions 2010/11 £000	WBC 25% 2010/11 £000
(14,509)	(3,628)	Turnover	(11,218)	(2,805)
14,142	3,536	Administrative expenses	8,761	2,190
(367)	(93)		(2,457)	(614)
(32)	(8)	Other operating income	(139)	(35)
(399)	(101)	Operating Profit	(2,596)	(649)
(12)	(3)	Interest receivable and similar income	(16)	(4)
1		Interest payable and similar charges	5	1
295	74	Other finance costs	205	51
284	71		194	49
(115)	(30)	Profit on ordinary activities before taxation	(2,402)	(601)
3	1	Tax on profit on ordinary activities	(3)	(1)
(112)	(29)	Profit for the financial year	(2,405)	(601)
10,231	2,558	Actuarial (gain) / loss	(9,266)	(2,317)
	0	Revaluation of Fixed assets	62	16
10,119	2,529	Total Recognised Gains and Losses	(11,609)	(2,902)

This has then been incorporated into the Group Comprehensive Income and Expenditure as shown below:

2009/10 £000		2010/11 £000
(30)	Share of the surplus of deficit on the provision of services of associates	(600)
1	Tax Expenses on Associates	(1)
(29)	Group (Surplus) / Deficit	(601)
2,558	Share of other comprehensive income and expenditure of associates	(2,301)
2,529	Total Adjustment to Group Account	(2,902)

The table below shows the Net Assets position of Connexions:

Connexions 2009/10 £000	WBC 25% 2009/10 £000		Connexions 2010/11 £000	WBC 25% 2010/11 £000
696	174	Long Term Assets	374	94
1,974	494	Current Assets	956	239
(1,914)	(479)	Current Liabilities	(1,314)	(329)
(13,262)	(3,316)	Long Term Liabilities	(914)	(229)
(12,506)	(3,127)	Net Assets	(898)	(225)

G4 The Recognised share of losses of an Associate

At 31st March 2011 Connexions had a net worth of (£898k). To recognise that Warrington Borough Council is responsible for any gains or losses in Connexions this has been reported in Other Long Term Liabilities in the Group Accounts.

G5 Financial Position of Subsidiaries

The table below shows the financial positions of WBT and GGH. Please note that Golden Gates Housing has not been included at 31st March 2011 as this was no longer a subsidiary of the Council.

2009/10 £000	Warrington Borough Transport	2010/11 £000
(343)	(Surplus) / Deficit in Year	(1,405)
8,023	Long Term Assets	7,875
1,420	Current Assets	1,517
(2,127)	Current Liabilities	(1,809)
(5,500)	Long Term Liabilities	(2,995)
1,816	Net Assets	4,588

2009/10 £000	Golden Gates Housing	2010/11 £000
(402)	(Surplus) / Deficit in Year	(2,539)
339	Long Term Assets	0
2,605	Current Assets	0
(2,028)	Current Liabilities	0
(13,281)	Long Term Liabilities	0
(12,365)	Net Assets	0

Notes to the Group Financial Statements

Where figures in the group accounts differ materially from the Council's accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the group entities into the Council's accounts.

G6 Group Accounting Policies

The Accounting Policies of Subsidiary and Associate companies have been aligned with the Council's Accounting Policies. The Council's Accounting Policies are contained in Note 1 - Accounting Policies of the Council's Explanatory Notes to the Core Financial Statements, where applicable.

Any statutory adjustments between accounting basis and funding basis included in the Council's Accounting Policies do not apply to Subsidiary and Associated Companies.

Notes to the Group Accounts have not been provided except where there are material differences to the single entity accounts

Subsidiaries are consolidated on a 'line-by line' basis.

Associates are consolidated using the equity method.

G7 Other Operating Expenditure

2009/10 £000	Other Operating Expenditure	2010/11 £000
1,461	Parish council precepts	1,510
435	Payments to the Government Housing Capital Receipts Pool	532
(974)	Gains/losses on the disposal of non current assets	4,340
0	Levies	0
0	Other	0
922		6,382

G8 Financing and Investment Income and Expenditure

2009/10 £000	Financing and Investment Income and Expenditure	2010/11 £000
6,541	Interest payable and similar charges	5,775
10,007	Pensions interest cost and expected return on pensions assets	7,113
(3,898)	Interest receivable and similar income	(2,895)
(570)	Income and expenditure in relation to investment properties and changes in their fair value	(2,829)
1,960	Other investment income	1,691
14,040	Total	8,855

G9 Taxation and Non Specific Grant Income

2009/10 £000	Taxation and Non-Specific Grant Income	2010/11 £000
(78,425)	Council Tax Income	(80,981)
(43,274)	NNDR Redistribution	(47,188)
(18,992)	Non-ringfenced government grants	(21,032)
(40,690)	Capital Grants	(23,198)
(181,381)	Total Taxation and Non-Specific Grant Income	(172,399)

G10 Property, Plant & Equipment

	Council Dwellings £000	Land £000	Buildings £000	Infrastructure Assets £000	Vehicles, Plant & Equipment £000	Community Assets £000	PP&E Under Construction £000	Surplus Assets £000	Total PP&E £000	PFI Assets Included in PP&E
Cost or Valuation										
Balance as at 1 April 2010	323,377	96,783	192,274	106,836	19,461	8,009	26,860		773,600	9,688
Adjustments between cost/value & depreciation/impairment									-	
Adjusted opening balance	323,377	96,783	192,274	106,836	19,461	8,009	26,860	-	773,600	9,688
Additions (Note 40)	2,512	2,585	14,024	7,785	5,008	2,126	14,353		48,393	
Donations									-	
Revaluation increases/decreases to Revaluation Reserve	2,966	7,930	885		637				12,418	8,445
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services									-	
Derecognition - Disposals		(145)	(6,494)		(645)				(7,284)	(2,459)
Derecognition - Other									-	
Reclassifications & Transfers	(235,395)	77	13,528		9,209		(22,594)		(235,175)	
Reclassified to Held for Sale									-	
Reclassified from Held for Sale									-	
Balance as at 31 March 2011	93,460	107,230	214,217	114,621	33,670	10,135	18,619	-	591,952	15,674
Depreciation and Impairment										
Balance as at 1 April 2010	5,107		7,479	2,505	6,093				21,184	266
Adjustments between cost/value & depreciation/impairment									-	
Adjusted opening balance	5,107	-	7,479	2,505	6,093	-	-	-	21,184	266
Depreciation Charge	1,123		4,945	2,676	1,602			5	10,351	49
Depreciation written out on Revaluation Reserve	(5,107)		(1,068)		31				(6,144)	(266)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services									-	
Impairment losses/reversals to Revaluation Reserve	6,734	364	(11)						7,087	
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	76,197	2,726	10,513						89,436	
Derecognition - Disposals		(25)	(1,039)		(537)				(1,601)	
Derecognition - Other									-	
Reclassifications & Transfers			(309)		309			(5)	(5)	
Eliminated on reclassification to Held for Sale									-	
Balance as at 31 March 2011	84,054	3,065	20,510	5,181	7,498	-	-	-	120,308	49
Net Book Value										
Balance as at 31 March 2011	9,406	104,165	193,707	109,440	26,172	10,135	18,619	-	471,644	15,625
Balance as at 31 March 2010	318,270	96,783	184,795	104,331	13,368	8,009	26,860	-	752,416	9,422

Comparative Figures

	Council Dwellings £000	Land £000	Buildings £000	Infrastructure Assets £000	Vehicles, Plant & Equipment £000	Community Assets £000	PP&E Under Construction £000	Surplus Assets £000	Total PP&E £000	PFI Assets Included in PP&E
Cost or Valuation										
Balance as at 1 April 2009	312,146	96,161	168,675	100,204	16,282	4,669	7,188	3,999	709,324	9,688
Adjustments between cost/value & depreciation/impairment			15,229					(3,999)	11,230	
Adjusted opening balance	312,146	96,161	183,904	100,204	16,282	4,669	7,188	-	720,554	9,688
Additions (Note 40)	5,455		8,443	6,632	4,575	3,340	19,672		48,117	
Donations									-	
Revaluation increases/decreases to Revaluation Reserve	6,251	1,364	(73)					42	7,584	
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services			(586)					(227)	(813)	
Derecognition - Disposals	(475)	(156)			(1,396)			185	(1,842)	
Derecognition - Other									-	
Reclassifications & Transfers									-	
Reclassified to Held for Sale									-	
Reclassified from Held for Sale									-	
Balance as at 31 March 2010	323,377	96,783	192,274	106,836	19,461	8,009	26,860	-	773,600	9,688
Depreciation and Impairment										
Balance as at 1 April 2009			2,602		6,048			34	8,684	133
Adjustments between cost/value & depreciation/impairment								(34)	(34)	
Adjusted opening balance	-	-	2,602	-	6,048	-	-	-	8,650	133
Depreciation Charge	5,107		5,524	2,505	1,309			66	14,511	
Depreciation written out on Revaluation Reserve			(658)		106			(22)	(574)	133
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services									-	
Impairment losses/reversals to Revaluation Reserve									-	
Impairment losses/reversals to Surplus or Deficit on the Provision of Services			11					8	19	
Derecognition - Disposals					(1,370)			(52)	(1,422)	
Derecognition - Other									-	
Reclassifications & Transfers									-	
Eliminated on reclassification to Held for Sale									-	
Balance as at 31 March 2010	5,107	-	7,479	2,505	6,093	-	-	-	21,184	266
Net Book Value										
Balance as at 31 March 2010	318,270	96,783	184,795	104,331	13,368	8,009	26,860	-	752,416	9,422
Balance as at 31 March 2009	312,146	96,161	181,302	100,204	10,234	4,669	7,188	-	711,904	9,555

G11 Intangible Assets

	2010/11			2009/10		
	Internally Generated Assets £000	Other Assets £000	Total £000	Internally Generated Assets £000	Other Assets £000	Total £000
Balance at start of year:						
· Gross carrying amounts		4,494	4,494		943	943
· Accumulated amortisation		(626)	(626)		(494)	(494)
Net carrying amount at start of year		3,868	3,868		449	449
Additions:						
· Internal development						
· Purchases		36	36		3,551	3,551
· Acquired through business combinations						
		3,904	3,904		4,000	4,000
Assets reclassified as held for sale						
Other disposals		(308)	(308)			
Revaluation increases/decreases to Revaluation Reserve						
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services						
Impairment losses recognised or reversed directly in the Revaluation Reserve						
Impairment losses recognised in the Surplus/Deficit on the Provision of Services						
Reversals of past impairment losses written back to the Surplus/Deficit on the Provision of Services						
Amortisation for the period		(715)	(715)		(132)	(132)
Other changes						
Net carrying amount at end of year		2,881	2,881		3,868	3,868
Comprising:						
· Gross carrying amounts		4,222	4,222		4,494	4,494
· Accumulated amortisation		(1,341)	(1,341)		(626)	(626)
		2,881	2,881		3,868	3,868

G12 Inventories

	2010/11 £000	2009/10 £000	2008/09 £000
WIP	0	8	8
Central Stores	0	0	0
Other	1,055	1,114	778
Reversals of write offs in previous years	0	0	0
Total	1,055	1,122	786

G13 Debtors

	Long Term Debtors			Short Term Debtors		
	2010/11 £000	2009/10 £000	2008/09 £000	2010/11 £000	2009/10 £000	2008/09 £000
Government Departments	0	0	0	2,615	274	3,118
NNDR & Council Tax	0	0	0	14,494	17,745	7,575
Other Local Authorities	0	0	0	157	1,426	0
Rents	0	0	0	509	5,950	3,354
Public corporations and trading funds	0	0	0	439	1,085	0
Bodies external to general government	0	0	0	177	76	0
Employee car loans	32	23	0	49	10	0
Grants	0	0	0	11,950	5,536	767
Value Added Tax	0	0	0	1,164	6,000	0
Loans and advances	7	7	0	80	147	0
Prepayments	0	0	0	3,361	2,988	3,130
Finance lease debtors	32,118	32,144	32,168	212	49	0
Trade debtors	0	0	0	13,537	9,534	160
Other	1,761	1,369	1,262	4,466	4,084	18,352
Impairment of loans and receivables	0	0	0	(5,997)	(8,864)	(8,854)
Total	33,917	33,544	33,430	47,213	46,040	27,602

G14 Cash and Cash Equivalents

	2010/11 £000	2009/10 £000	2008/09 £000
Cash and Bank balances	9,898	5,616	3,552
Short Term Investments	-	-	-
Short Term Deposits	21,845	18,703	17,106
Bank Overdraft	-	-	-
Total	31,744	24,319	20,658

G15 Creditors

	2010/11 £000	2009/10 £000	2008/09 £000
Government Departments	7,968	4,167	2,179
Other Authorities	587	708	0
Public corporations and trading funds	1,429	2,184	0
Bodies external to general government	244	6	0
NDR & Council Tax	1,183	1,145	2,165
HRA	0	56	0
Remuneration due to employees	1,947	6,267	0
Accumulated Absences	2	92	75
Receipts in advance	7,811	6,592	12,591
Trade creditors	7,651	5,839	404
Capital Contributions unapplied	11,741	8,576	0
Other	7,393	4,698	28,561
Total Short Term Creditors	47,956	40,330	45,975

	2010/11 £000	2009/10 £000	2008/09 £000
Other creditors falling due after more than one year			
Government Departments	14,288	8,004	9,114
Other Councils	0	0	0
HRA	0	0	0
Public corporations and trading funds	0	0	0
Bodies external to general government	0	0	0
Other	6,736	6,355	5,843
Total Long Term Creditors	21,024	14,359	14,957
Total Creditors	68,980	54,689	60,932

G16 Provisions

	At 1 April 2010 £000	Increase in provision during year £000	Utilised during year £000	Unused Amounts Reversed £000	Interest earned £000	Balance as at 31 March 2011 £000
Insurance Claims	1,354	446	26	-	-	1,774
Compensation Payments	-	-	-	-	-	-
Land Fill Closure	-	-	-	-	-	-
Property	192.72	1,241.59	34.00	-	-	1,400.31
VAT Refund	-	-	-	-	-	-
Other (staff related)	9,732	10,530	9,579	153	-	10,530
	11,279	12,217	9,639	153	-	13,704

Current Provisions	9,925	11,771	9,614	153	-	11,929
Long Term Provisions	1,354	446	25	-	-	1,775
	11,279	12,217	9,639	153	-	13,704

Comparative Year

	Balance as At 1 April 2009 £000	Increase in provision during year £000	Utilised during year £000	Unused Amounts Reversed £000	Interest earned £000	Balance as at 31 March 2010 £000
Insurance Claims	1,605	1,105	1,356	-	-	1,354
Compensation Payments	-	-	-	-	-	-
Land fill Closure	-	-	-	-	-	-
Property	-	193	-	-	-	193
VAT Refund	-	-	-	-	-	-
Other	9,293	9,106	8,604	63	-	9,732
	10,898	10,404	9,960	63	-	11,279

Current Provisions	9,293	9,299	8,604	63	-	9,925
Long Term Provisions	1,605	1,105	1,356	-	-	1,354
	10,898	10,404	9,960	63	-	11,279

G17 Cash Flow Statement – Operating Activities

2009/10 £000	2010/11 £000
(4,279) Interest received	(2,870)
5,922 Interest paid	5,746
0 Dividends received	0
1,643	2,876

G18 Cash Flow Statement – Investing Activities

2009/10 £000	2010/11 £000
Purchase of property, plant and equipment, 49,967 investment property and intangible assets	43,979
0 Purchase of short-term and long-term investments	16,000
0 Other payments for investing activities	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,251)
(1,736) Proceeds from short-term and long-term investments	10,060
0	
1,106 Other receipts from investing activities	(29,416)
49,337	37,372

G19 Cash Flow Statement – Financing Activities

2009/10 £000	2010/11 £000
(31,642) Cash receipts of short-term and long-term borrowing	(36,577)
0 Other receipts from financing activities	(2,970)
240 Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	169
707 Repayments of short-term and long-term borrowing	71,337
735 Other payments for financing activities	665
(29,960)	32,624

G20 Reconciliation to Subjective Analysis

As the results of the subsidiaries and associates are not reported as part of the Council's management reporting, the income and expenditure relating to the Group Entities are shown in Amounts not reported to management for decision making in the table below. For details of the directorate reporting see note 28.

2010/11	Directorate Analysis	Amounts not reported to management for decision making	Amounts reported but not included in Cost of Services	Allocation of Recharges	Cost of Services	Corporate Amounts	Group Surplus / Deficit
Income							
Fees, charges & Other Service Income	(258,394)	(10,381)			(268,775)	-	(268,775)
Interest and investment income	(1,048)	-	1,048		-	(2,895)	(2,895)
Government Grants	(79,270)	(4,772)			(84,042)	(91,419)	(175,461)
Internal Recharges	(191,295)	-		189,871	(1,424)	-	(1,424)
Income from Council Tax		-			-	(80,981)	(80,981)
Transfer to Capital Adjustment Account - LSVT - Income		(63,836)			(63,836)	-	(63,836)
Trading Accounts Income		-	12,255		12,255	(12,255)	-
	(530,007)	(78,989)	13,303	189,871	(405,822)	(187,549)	(593,371)
Expenditure							
Employee expenses	228,345	(39,861)			188,484	-	188,484
Other Service Expenditure	255,184	1,422			256,606	-	256,606
Depreciation, amortisation and impairment	(5)	343,928			343,923	-	343,923
Interest Payable	5,247	-	(5,247)		-	5,775	5,775
Internal Recharges	191,295	-		(189,871)	1,424	-	1,424
Parish Precepts		-			-	1,510	1,510
Housing Capital Receipts Pool		-			-	532	532
Gain / Loss on disposal of Fixed Assets		-			-	4,340	4,340
Pension Interest Cost and return on assets		-			-	7,113	7,113
Income and Expenditure in relation to investment properties		-			-	(2,829)	(2,829)
Trading Accounts Expenditure		-	(13,946)		(13,946)	13,946	-
Transfer to Capital Adjustment Account - LSVT		3,324			3,324	-	3,324
Share of the surplus or deficit on the provision of services by associates					-	(601)	(601)
Tax expenses of subsidiaries					-	89	89
Tax expenses of associates					-	-	-
	680,066	308,813	(19,193)	(189,871)	779,815	29,876	809,691
Net	150,059	229,824	(5,890)	-	373,993	(157,674)	216,319

Comparative Year

2009/10	Directorate Analysis	Amounts not reported to management for decision making	Amounts reported but not included in Cost of Services	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
Income							
Fees, charges & Other Service Income	(279,383)	1,604			(277,779)		(277,779)
Interest and investment income	(2,006)	1,883	2,006		1,883	(4,467)	(2,584)
Government Grants	(75,443)	9,157			(66,286)	(102,957)	(169,243)
Internal Recharges	(53,017)	-		53,016	-	-	1
Income from Council Tax		-			-	(78,425)	(78,425)
Trading Accounts Income			12,292		12,292	(12,292)	-
	(409,849)	12,644	14,298	53,016	(329,891)	(198,141)	(528,032)
Expenditure							
Employee expenses	196,976	4,859			201,835	-	201,835
Other Service Expenditure	281,417	1,956			283,373	-	283,373
Depreciation, amortisation and impairment	0	56			56	-	56
Interest Payable	3,923	(96)	(3,923)		(96)	6,541	6,445
Internal Recharges	53,017	-		(53,016)	1	-	1
Parish Precepts		-			-	1,461	1,461
Housing Capital Receipts Pool		-			-	435	435
Gain / Loss on disposal of Fixed Assets		-			-	(974)	(974)
Pension Interest Cost and return on assets		-			-	10,007	10,007
Income and Expenditure in relation to investment properties		3			3	-	3
Trading Accounts Expenditure			(13,270)		(13,270)	14,252	982
Share of the surplus or deficit on the provision of services by associates					-	(29)	(29)
Tax expenses of subsidiaries					-	160	160
Tax expenses of associates					-	1	1
	535,333	6,778	(17,193)	(53,016)	471,902	31,854	503,756
Net	125,484	19,422	(2,895)	0	142,011	(166,287)	(24,276)

G21 Defined Benefit Pension Schemes

The tables below show the effect of the pension scheme on the Group Comprehensive Income & Expenditure and Group Balance Sheet

	2010/11 £000	2009/10 £000
Net cost of services:		
Current service cost	18,258	9,792
Past service cost/(gain)	(57,164)	179
Gains and losses on settlements or curtailments	539	1,805
Net operating expenditure:	0	0
Interest cost	33,970	27,417
Expected return on scheme assets	(26,857)	(17,410)
Net charge to the CIES	(31,254)	21,783
Adjustments between accounting basis & funding basis under regulations:		
Reversal of net charges made for retirement benefits in accordance with IAS 19	31,254	(21,783)
Actual amount charged against the general fund balance for pensions in the year:		
Employers' contributions payable to scheme	15,561	18,311
Net charge to the General Fund Summary	46,815	(3,472)

	2010/11 £000	2009/10 £000
Pension (Liability)/ Asset Bfwd	(284,158)	(123,512)
Current Service Cost	(18,258)	(9,792)
Past Service Cost	57,164	(179)
Gains/(losses) on Settlements & Curtailments	(539)	(1,805)
Interest Cost	(33,970)	(27,417)
Expected Return on Assets	26,857	17,410
Payment of Pensions	15,561	18,311
LSVT Disposal of Pension	1,554	0
Movement in Deferred Tax Asset	(541)	652
Actuarial Gains/ (Losses)	147,227	(157,826)
Pension (Liability)/ Asset Cfwd	(89,103)	(284,158)

Appendix One: First Time Adoption

Transition to IFRS

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10.

The following tables explain the material differences between the amounts presented in the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 financial statements.

1. Short-term accumulating compensated absences

Short-term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the council. The most significant benefit covered by this heading is holiday pay.

Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the council is required to accrue for any annual leave earned but not taken at 31st March each year. Under the previous accounting arrangements, no such accrual was required.

The Government has issued regulations that mean Local Authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used.

Accruing for short-term accumulating compensated absences has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet	2009/10 Statements £000	Adjustments Made £000
Provisions	(3,532)	(7,005)
Accumulated Absences Account		7,005

31 March 2010 Balance Sheet	2009/10 Statements £000	Adjustments Made £000
Provisions	(2,232)	(8,798)
Accumulated Absences Account		8,798

2009/10 Comprehensive Income and Expenditure Statement

Cost of Services (Net)	2009/10 Statements £000	Adjustments Made £000
Central Services to the Public	9,253	126
Cultural, Environmental, Regulatory and Planning Services	23,127	164
Education and Children's Services	35,470	1,275
Highways and Transport Services	15,372	6
Other Housing Services	41	18
Adult Social Care	47,544	202
Corporate and Democratic Core	3,979	14
Non Distributed Costs	2,276	(12)

2. Government grants

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31st March 2009 has been transferred to the Capital Adjustment Account in the opening 1 April 2009 Balance Sheet.
- Portions of Government grants deferred were previously recognised as income in 2009/10; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.
- Grants was received in 2009/10 but not used. Previously, no income was recognised in respect of this grant, which was shown in the Grants Unapplied Account within the Liabilities section of the Balance Sheet. Following the change in accounting policy, the grant has been recognised in full, and transferred to the Capital Grants Unapplied Account within the Reserves section of the Balance Sheet.

This has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet	2009/10 Statements £000	Adjustments Made £000
Short Term Creditors	(50,127)	6,085
Government Grants Deferred Account	(69,144)	69,144
Capital Adjustment Account	(418,888)	(69,144)
Capital Grants Unapplied Account (reserves)	0	(6,085)

31 March 2010 Balance Sheet	2009/10 Statements £000	Adjustments Made £000
Short Term Creditors	(54,913)	16,883
Grants Unapplied Account (liabilities)	0	(1,814)
Government Grants Deferred Account	(97,347)	97,347
Capital Adjustment Account	(410,573)	(97,347)
Capital Grants Unapplied Account (reserves)	0	(15,069)

2009/10 Comprehensive Income and Expenditure Statement

Cost of Services (Net)	2009/10 Statements £000	Adjustments Made £000
Central Services to the Public	9,253	(414)
Cultural, Environmental, Regulatory and Planning Services	23,127	378
Education and Children's Services	35,470	1,809
Highways and Transport Services	15,372	633
Other Housing Services	41	1,091
Adult Social Care	47,544	5
Taxation and non-specific grant income	(140,691)	(40,690)

There is no charge to the General Fund Balance, as capital grant income is transferred out of the General Fund under both the previous and current accounting policies.

3. Fixed Assets

Under the Code, there is a stricter definition for investment properties. Now only properties held for generating income or capital gains can be classed as investment properties. There is also a stricter criterion for assets held for sale, in that the properties need to be actively marketed with a view to the sale being completed within twelve months.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- A number of properties previously categorised as investment property have been reclassified as plant, property and equipment (other land and buildings).
- A number of properties previously categorised as plant, property and equipment (surplus) have been reclassified as assets held for sale.
- A number of properties previously categorised as plant, property and equipment (surplus) have been reclassified as investment properties.
- Amounts on the Revaluation Reserve relating to investment properties and assets held for sale have been transferred through the Comprehensive Income and Expenditure Statement in the comparative figures as finance income.

The Council has also adopted IFRIC 12 (Service Concession Arrangements) and as a result of this adoption Lymm High School, which is a Voluntary Controlled School has been brought on to the Council's Balance Sheet.

This has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet	2009/10 Statements £000	Adjustments Made £000
Investment Property	41,851	2,648
Property, Plant and Equipment (Other Land & Buildings)	261,868	15,228
Property, Plant and Equipment (Surplus)	3,965	(3,965)
Assets Held For Sale	0	465
Revaluation Reserve	(77,670)	15,895
Capital Adjustment Account	(418,888)	(30,271)

31 March 2010 Balance Sheet	2009/10 Statements £000	Adjustments Made £000
Investment Property	43,017	2,713
Property, Plant and Equipment (Other Land & Buildings)	265,513	14,831
Property, Plant and Equipment (Surplus)	3,246	(3,246)
Assets Held For Sale	0	465
Revaluation Reserve	(84,615)	16,832
Capital Adjustment Account	(410,572)	(31,595)

2009/10 Comprehensive Income and Expenditure Statement

Cost of Services (Net)	2009/10 Statements £000	Adjustments Made £000
Central Services to the Public	9,253	(329)
Education and Children's Services	35,470	397
Non Distributed Costs	2,276	(117)
Other operating expenditure	1,577	(667)
Financing and investment income and Expenditure	11,967	(570)
(Surplus) or deficit on revaluation of Property, Plant and Equipment	(8,433)	901

There is no charge to the General Fund Balance, as costs incurred due to revaluation are transferred out of the General Fund under both the previous and current accounting policies.

Events After the Reporting Period

Events may occur between the year-end and the date that the Statement of Accounts is issued that might have a bearing upon the financial results of the past year and the financial position presented in the Balance Sheet. These can be both:

- **adjusting events:** those that provide evidence of conditions that existed at the Balance Sheet date – where material, the financial statements and notes in the Statement of Accounts are required to be amended to reflect the impact of the events
- **non-adjusting events:** those that are indicative of conditions that arose after the Balance Sheet date – the financial statements and notes in the Statement of Accounts are not amended to reflect the events, but additional explanatory notes may need to be added.

The Authority did not have any events after the year-end date which impact on the financial results and Balance Sheet position as at 31st March 2011.

Glossary of Terms

AAA FITCH RATING

Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA FITCH RATING

Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A FITCH RATING

High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31st March.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

ASSET

An item having value to the Authority in monetary terms. Assets are categorised as either current or fixed:

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A fixed asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS

An independent examination of the Authority's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING

Government support for capital investment is described as either Supported Capital Expenditure (Revenue) known as SCE(R) or Supported Capital Expenditure (Capital Grant) known as SCE(C). SCE can be further classified as either Single Capital Pot (SCP) or ring-fenced.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

The capital schemes the Authority intends to carry out over a specific period of time.

CAPITAL RECEIPT

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the Government but they cannot be used to finance revenue expenditure.

CLAW-BACK

Where average council house rents are set higher than the Government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the Authority, i.e. it is "clawed-back" by the Government.

CIPFA

The Chartered Institute of Public Finance and Accountancy

COLLECTION FUND

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS

Assets that the Authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's accounts.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities that Local Authorities engage in specifically because they are elected, multi-purpose Authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

CREDITOR

Amount owed by the Authority for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR

Amount owed to the Authority for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFERRED CHARGES

Expenditure which can be properly deferred (i.e. treated as capital in nature), but which does not result in, or remain matched with, a tangible asset. Examples of deferred charges are grants of a capital nature to voluntary organisations.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY

The Authority's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXTRAORDINARY ITEMS

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by Authorities and subsidised by central Government.

HOUSING REVENUE ACCOUNT (HRA)

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Authority.

IMPAIRMENT

A reduction in the value of a fixed asset to below its carrying amount on the Balance Sheet.

INCOME AND EXPENDITURE ACCOUNT

The revenue account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

INFRASTRUCTURE ASSETS

Fixed assets belonging to the Authority that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, Authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY

A liability is where the Authority owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

NEGATIVE SUBSIDY

If the Subsidy Housing Revenue Account produces a result, which assumes that the Authority's income is higher than its expenditure, a "negative subsidy" situation arises. In this case the Authority must pay an amount equivalent to the deficit, from its Housing Revenue Account to the Government.

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT

The Authority's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services

NATIONAL NON-DOMESTIC RATES (NNDR)

The National Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the Government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Authority on behalf of central Government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS

Fixed assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE

A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT

The levy made by precepting Authorities by billing Authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)

A Central Government Agency, which provides loans for one year and above to Authorities at interest rates only slightly higher than those at which the Government can borrow itself.

RATEABLE VALUE

The annual assumed rental of a hereditament, which is used for NNDR purposes.

RELATED PARTIES

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The Statement of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE SUPPORT GRANT

A grant paid by Central Government to Authorities , contributing towards the general cost of their services.

STOCKS

Items of raw materials and stores an Authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

Funds administered by the Authority for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Authority will derive benefits from the use of a fixed asset.

WORK IN PROGRESS (WIP)

The cost of work performed on an uncompleted project at the year end.

Independent Auditor's Report

TO BE INSERTED PRIOR TO SIGN OFF – AUDIT COMMISSION (IN SEPTEMBER)